

Jemena Electricity Networks (Vic) Ltd

Response to the Economic Benchmarking Regulatory Information Notice

Basis of Preparation

Information for the 2017 regulatory year

Public

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Contact Person

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OVERVIEW

Jemena Electricity Networks (Vic) Ltd (**JEN**) is required to respond to an economic benchmarking Regulatory Information Notice (**RIN**), with information relating to the 2017 regulatory year. RIN data templates and a statutory declaration providing assurance for all data and accompanying documents are due by 30 April 2018. The RIN was served upon JEN by the AER under the National Electricity Law (**NEL**) on 28 November 2013.

Section 2.2 of Schedule 2 of the RIN requires JEN to prepare a Basis of Preparation in accordance with the requirements specified in Schedule 1. JEN's basis of preparation, for each variable and any other information:

1. Demonstrates how the information provided is consistent with the requirements of the RIN
2. Explains the sources from which JEN obtained the information provided
3. Explains the methodology JEN applied to provide the required information, including any assumptions JEN made
4. Explains, in circumstances where JEN cannot provide input for a variable using actual information and must therefore provide input using estimated information:
 - a) Why an estimate was required, including why it was not possible for JEN to use actual financial information or actual non-financial information (as the case may be, depending on the variable)
 - b) The basis for the estimate, including the approach used, assumptions made and reasons why the estimate is JEN's best estimate, given the information sought in the RIN.

JEN has included in its basis of preparation other information it prepared in accordance with the requirements of the RIN. For example, where JEN chose to disaggregate its Regulated Asset Base (**RAB**) using its own approach in addition to the AER's standard approach, JEN has explained its approach in detail in its basis of preparation. The procedure documents and supporting models attached to JEN's 2013 RIN response still stand as an explanation of how we disaggregated the RAB.

The actual financial information has been reconciled to the current year regulatory accounting statements, and the principles underpinning the figures in revenue and opex are in line with JEN's statutory accounting policies. There are no material departures from the recognition and measurement aspects of JEN's statutory accounting policies, for the purposes of regulatory reporting, with the exception of customer contributions, which are captured and included within property, plant and equipment in the statutory accounts, but are excluded from the RAB disclosure of regulatory accounts.

The AER's requirement, applicable to the current regulatory year, is to report all variables as actual information, unless a variable is expressly allowed to be an estimate under the RIN guidelines. Interpretation of the AER's definition of actual and estimated information, including the additional guidance provided by the AER in Attachment 7 of JEN's preliminary determination in October 2015, requires judgements to be made as to the appropriate classification of information including:

- the extent to which the information is materially dependent on information recorded in JEN's business records; and
- the degree of estimation involved and whether the information is contingent upon judgements and assumptions for which there are valid alternatives, which could lead to a materially different presentation.

JEN considers that all information provided in this response, for each variable and any other information, is consistent with the requirements of the RIN. This is evident in that:

- JEN has provided complete Microsoft Excel workbooks attached at Appendix A of the RIN that accord to the RIN and the instructions and definitions in Appendix B of the RIN
- JEN has provided a basis of preparation that demonstrates JEN's compliance with each of the information requirements. JEN's basis of preparation, for each variable and any other information:
 - Explains the source from which JEN obtained the information provided
 - Explains the methodology JEN applied to provide the required information, including any assumptions made
 - Where JEN has estimated information, its basis of preparation explains why an estimate was required, including why it was not possible for JEN to use actual information, explains the basis of the estimate, including the approach used, assumptions made and why JEN considers the estimate to be JEN's best estimate
- JEN has provided supporting information or documentation used to comply with the requirements of the RIN
- JEN has provided the audit and review reports in accordance with the requirements of the RIN.

DEFINITIONS OF ACTUAL AND ESTIMATED INFORMATION

Consistent with the definition contained in the RIN, JEN has applied the following definition of actual information in its response to the RIN:

Information whose presentation is materially dependent on JEN's business records, and whose presentation is not contingent on judgements and assumptions for which there are valid alternatives, which could lead to a materially different presentation in response to the RIN.

Consistent with the definition contained in the RIN, JEN has applied the following definition of estimated information in its response to the RIN:

Information which:

- *Is not materially dependent on JEN's business; and*
- *Is contingent on judgements and assumptions for which there are valid alternatives, where an alternative approach could yield a materially different presentation of the information in response to the RIN.*

GLOSSARY

ACS	Alternative Control Services
CAM	Cost Allocation Method
CDS	Circuit Data Sheets
CFA	Country Fire Authority
DLF	Distribution Loss Factor
DNSPs	Distribution Network Service Providers
DRC	Depreciated Replacement Cost
EBT categories	Economic benchmarking asset categories
FD	Final Decision
GIS	Geographical Information System
GL	General Ledger
HBRA	Hazardous Bushfire Risk Area
IMS	Interval Meter Store
JEN	Jemena Electricity Networks (Vic) Ltd
KPI	Key Performance Indicator
LBRA	Low Bushfire Risk Area
MD	Maximum Demand
MW	Mega Watts
NEL	National Electricity Law
NS	Network Services
OMS	Outage Management System
RAB	Regulated Asset Base
RFM	Roll Forward Model
RIN	Regulatory Information Notice
RIN B	Regulatory Information Notice for Economic Benchmarking
SCS	Standard Control Services
SPFR	Special Purpose Financial Report
UG	Underground
VMS	Vegetation Management System
WBS	Work Breakdown Structure

3.1 REVENUE

3.1.1 REVENUE GROUPING BY CHARGEABLE QUANTITY

Actual information

Variable	Source and why actual	Methodology	Assumptions
DREV0101 – DREV0109	The data is sourced from JEN's two billing systems. JEN therefore considers the information to be actual information. The data is then captured in the Excel Line Charge file LC2017.xls on a monthly basis and is summated in worksheet "Year to date".	<p>DREV0101 TO DREV0109 is categorised as Standard Control Services (SCS).</p> <p>Data provided relates to DUoS revenue + F-factor. This is in line with section 3.2 of the Explanatory Statement - Economic Benchmarking RIN that requires revenues to be reported inclusive of the effect of incentive schemes.</p> <p>The data is obtained from JEN's billing systems where a monthly report is produced from each billing system to record quantities and revenue by tariff component. The data is then captured in the LC2017.xls on a monthly basis and is summated in worksheet "Year to date".</p> <p>The tariff codes listed below are incorporated in JEN's approved annual tariffs which are published by the AER.</p> <p>DREV0101: Comprises of Standing charge revenue for all tariff codes.</p> <p>DREV0102: Comprises of Peak revenue for A100 and A200 tariff codes.</p> <p>DREV0103: Comprises of Peak revenue except for A100, A200 and A290 tariff codes.</p>	N/A

Variable	Source and why actual	Methodology	Assumptions
		<p>DREV0104: Comprises of Shoulder revenue for all tariff codes</p> <p>DREV0105: Comprises of All Off-Peak revenue except for A180 and A290 tariff codes.</p> <p>DREV0106: Comprises of Peak and Off Peak revenue for A180 tariff code.</p> <p>DREV0107: Comprises of Peak and Off Peak revenue for A290 tariff code.</p> <p>DREV0108: Demand charge captured under variable code DREV0109.</p> <p>DREV0109: Comprises of Billed Maximum demand revenue for all tariff codes.</p>	
DREV0110	The data is sourced from JEN's two billing systems. JEN therefore considers the information to be actual information. The data is then captured in an Excel file on a monthly basis and is summated in worksheet "Year to date".	<p>DREV0110 is categorised as Alternative control Services.</p> <p>The data is obtained from JEN's billing systems where a monthly report is produced from each billing system to record quantities and revenue by tariff component. The data is then captured in an Excel file on a monthly basis and is summated in worksheet "Year to date".</p>	AMI metering revenue is reported in this table
DREV0111	Volume data and revenue for jobs completed in the month was sourced directly from JEN systems (OneSAP and SAP ISU) and so this information is reported as 'actual information'.	<p>DREV0111 is categorised as Alternative control Services.</p> <p>JEN's revenue collection process uses a combination of projects (Work Breakdown Structure (WBS) elements) and General Ledger (GL) accounts to collect revenues at the macro level. Product codes are set up to collect revenues at a micro level.</p>	Routine connections are the sum of the Routine connections - customers below 100 amps and Routine connections, for customers > 100amps; supply abolishment, temporary disconnects, energisation and de-energisation of existing premises.

Variable	Source and why actual	Methodology	Assumptions
		<p>These Product codes are designed to collect revenues based on the activity type on which an individual works are billed.</p> <p>The ACS revenue is derived from extracting all of JEN's financial transactions from SAP that is charged to ACS accounts.</p> <p>Each of these transactions is then classified to the regulatory categories of this template by referring to the produce code of the project or the general ledger account it is charged to.</p> <p>Only product codes relating to connections are summated.</p>	
DREV0112	The data is sourced from JEN's Annual RIN table 4.1 "Public Lighting ". The information obtained in the reports is consistent with the AER's definition of actual information as per section 2.2.2 of Better Regulation Explanatory Statement: regulatory information notices to collect information for Economic Benchmarking November 2013.	<p>DREV0112 is categorised as Alternative control Services.</p> <p>The data is sourced from JEN's Annual RIN tables 4.1</p>	
DREV0113	Volume data for jobs completed in the month was sourced directly from JEN systems (SAP ISU) and so this information is reported as 'actual information'.	<p>Methodology as per the DREV0111</p> <p>DREV0113 is categorised as Alternative Control services.</p> <p>The total of the fee based and quoted based charges are summated, once summated the routine new connections charge (DREV0111) is subtracted for each calendar year to derive DREV0113.</p>	

Variable	Source and why actual	Methodology	Assumptions

Estimated information

No estimated information is provided.

3.1.2 REVENUE GROUPING BY CUSTOMER TYPE OR CLASS

Actual information

Variable	Source and why actual	Methodology	Assumptions
DREV0201 – DREV0205	The data is sourced from JEN's two billing systems. JEN therefore considers the information to be actual information. The data is then captured in the Excel Line Charge file LC2017.xls on a monthly basis and is summated in worksheet Year to date.	The data is obtained from JEN's billing systems where a monthly report is produced from each billing system to record quantities and revenue by tariff component. The data is then captured in the LC2017.xls on a monthly basis and is summated in worksheet Year to date.	<p>DREV0201 TO DREV0205 is categorised as Standard Control Services, only relates to DUoS revenue.</p> <p>The tariff codes listed below are incorporated in JEN's approved annual tariffs which are published by the AER.</p> <p>DREV0201: Comprises of DUoS revenue for A100 to A180 tariff codes.</p> <p>DREV0202: Comprises of DUoS revenue for A200, A210 and A250 tariff codes.</p> <p>DREV0203: Comprises of DUoS revenue for A230, A270, and A300 to A37R tariff codes.</p> <p>DREV0204: Comprises of DUoS revenue for A400 to A50E tariff codes.</p> <p>DREV0205: Comprises of DUoS revenue for A290 tariff code.</p>

Variable	Source and why actual	Methodology	Assumptions
DREV0206 Alternative Control Service	The data is sourced from JEN's Economic Benchmarking RIN (RIN B) Tables DREV0111, DREV0112 & DREV0113. The information obtained in the reports is consistent with the AER's definition of actual information as per section 2.2.2 of Better Regulation Explanatory Statement: regulatory information notices to collect information for Economic Benchmarking November 2013.	Summation of DREV0111, DREV0112 & DREV0113 The data is classified as "revenue from other customers" as there is no report to capture this information by customer type or class.	n/a

Estimated information

No estimated information is provided.

3.1.3 REVENUE (PENALTIES) ALLOWED (DEDUCTED) THROUGH INCENTIVE SCHEMES

Actual information

Variable	Source and why actual	Methodology	Assumptions
DREV0301	The EBSS forms part of the building block revenue determined at the beginning of each regulatory period. This particular variable is derived from other records used in ordinary course of business, and so is categorised as actual information on the basis that it is materially dependent on information recorded in JEN's business records and its presentation for the purposes of the	Step 1: Replicate the ESC and AER's calculations to calculate the NPV of the building block revenues and the smoothed revenues using a nominal WACC for the period 2016-20. Step 2: Calculate the relative share of the building block components that contribute to the NPV calculations. Step 3: Re-state the building block and smoothed revenues to nominal dollars using actual CPI instead of the AER CPI forecast.	Actual CPI for 2017 is the weighted average for the eight capital cities for the June quarter of 2017. L factor treated as part of actual revenue earned, as it is immaterial at \$43k p.a.

Variable	Source and why actual	Methodology	Assumptions
	<p>Notice are not contingent on judgement and assumptions for which there are valid alternatives, which could lead to a materially different presentation in the response to the Notice.</p>	<p>Step 4: Notionally break down the smoothed revenue into building block components (using the relative share calculated in step 2).</p> <p>Step 5: Apply the EBSS relative share from the building block for the Regulatory period 2016-2020 to the actual revenue earned for each calendar year.</p> <p>Where;</p> <p>actual revenue earned = actual revenue reported net of any incentive mechanism schemes, and</p> <p>EBSS relative share is an average for each regulatory period.</p>	
DREV0302	<p>STPIS component forms part of the DUoS tariff: DUoS price path is $(1+CPI)*(1-X)*(1+S)*(1+L)$.</p> <p>This particular variables is derived from other records used in ordinary course of business and so is categorised as actual information on the basis that it is materially dependent on information recorded in JEN's business records and its presentation for the purposes of the Notice is not contingent on judgement and assumptions for which there are valid alternatives, which could lead to a materially different presentation in the response to the Notice.</p>	<p>S factor = actual revenue earned – actual revenue earned/ (1+ S")</p> <p>Where;</p> <p>actual revenue earned = actual revenue reported net of F-factor incentive mechanism schemes</p>	<p>Actual CPI for 2017 is the weighted average for the eight capital cities for the June quarter of 2017.</p> <p>L factor treated as part of actual revenue earned, as it is immaterial at \$43k p.a.</p>
DREV0303	<p>This is the AER approved F-factor amount as per the pricing submission. The number is sourced from the Attachment 1 - JEN 2017 Tariff Approval Model.xls of the AER model.</p>	n/a	<p>The amount provided is the F-factor amount that JEN was allowed to collect (as per the submission to the AER).</p>

Variable	Source and why actual	Methodology	Assumptions
DREV0304	<p>The S factor true-up forms part of the building block revenue determined at the beginning of each regulatory period.</p> <p>This particular variable is derived from other records used in ordinary course of business and so is categorised as actual information on the basis that it is materially dependent on information recorded in JEN's business records and its presentation for the purposes of the Notice is not contingent on judgement and assumptions for which there are valid alternatives, which could lead to a materially different presentation in the response to the Notice.</p>	<p>Step 1: Replicate the ESC and AER's calculations to calculate the NPV of the building block revenues and the smoothed revenues using a nominal WACC for the period 2016-20.</p> <p>Step 2: Calculate the relative share of the building block components that contribute to the NPV calculations.</p> <p>Step 3: Re-state the building block and smoothed revenues to nominal dollars using actual CPI instead of the AER CPI forecast.</p> <p>Step 4: Notionally break down the smoothed revenue into building block components (using the relative share calculated in step 2).</p> <p>Step 5: Apply the S factor true up relative share from the building block for the Regulatory period 2016-2020 to the actual revenue earned for each calendar year.</p> <p>Where: S true factor relative share is an average for the regulatory period</p>	<p>Actual CPI for 2017 is the weighted average for the eight capital cities for the June quarter of 2017.</p>

Estimated information

No estimated information is provided.

3.2 OPERATING EXPENDITURE

3.2.1 OPEX CATEGORIES

Actual Information

Variable	Source and why actual	Methodology	Assumptions
SCS DOPEX0102 – Routine DOPEX0103 - Condition Based DOPEX0104 - Vegetation Control DOPEX0105 - Emergency Fault DOPEX0106 – Inspection DOPEX0107 – SCADA/ Network control DOPEX0108 (Other - Standard Control Services (Maintenance))	<p>Data (Maintenance and opex) is sourced from Appendix B of JEN's Annual RIN response.</p> <p>The information obtained in the reports is consistent with the AER's definition of actual information as per section 2.2.2 of the Better Regulation Explanatory Statement: regulatory information notices to collect information for economic benchmarking November 2013.</p>	<p>Maintenance items disclosed in Appendix B of JEN's Annual RIN are sourced from SAP, the ERP system that JEN uses to capture its financial and some operational information. Cost collectors such as cost and profit centres are utilised within SAP to collect costs at a macro level.</p> <p>PM Orders are set up to collect costs at a micro level and roll up to projects or WBS. These PM Orders are designed to collect costs based on the activity on which an individual works and to accept any external costs associated with that activity. (e.g. Faults, Emergencies, Standards and Procedures, etc.).</p> <p>JEN uses time writing to capture internal labour costs. Where practical and appropriate all employees time write to a PM Order. These form the direct costs incurred for a respective activity.</p> <p>JEN allocates overheads to these activities based on its internal policies and in accordance with the AER approved Cost Allocation Method (CAM).</p>	n/a
ACS DOPEX0110 - Public Lighting	<p>Data (Maintenance and opex) is sourced from Appendix B of JEN's Annual RIN.</p> <p>The information obtained in the reports is consistent with the AER's definition of actual information as per section 2.2.2 of the Better Regulation Explanatory Statement: regulatory information notices to</p>	<p>Maintenance Public Lighting items disclosed in Appendix B of JEN's Annual RIN are sourced from SAP, the ERP system that JEN uses to capture its financial and some operational information.</p> <p>Cost collectors such as cost and profit centres are utilised within SAP to collect costs at a macro level.</p> <p>PM Orders are set up to collect costs at a micro level and roll up to projects or WBS. These PM Orders are designed to collect costs based on the activity on which an individual works and to accept any external costs associated with that activity. (e.g. Metering, Public Lighting, etc.).</p>	n/a

3.2 OPERATING EXPENDITURE

Variable	Source and why actual	Methodology	Assumptions
	collect information for economic benchmarking November 2013.	JEN uses time writing to capture internal labour costs. Where practical and appropriate all employees time write to a PM Order. These form the direct costs incurred for a respective activity. JEN allocates overheads to these activities based on its internal policies and in accordance with the AER approved CAM.	
SCS DOPEX0114 - Network operating costs (excl GSL payments) DOPEX0115 - Billing & revenue collection DOPEX0116 - Advertising, marketing & promotions DOPEX0117 - Customer service DOPEX0118 – Regulatory DOPEX0120 - Information technology (IT) DOPEX0122 - GSL payments DOPEX0125 - Other - Standard Control Services (Operating)	Data (Maintenance and opex) is sourced from Appendix B of the JEN's Annual RIN response. The information obtained in the reports is consistent with the AER's definition of actual information as per section 2.2.2 of the Better Regulation Explanatory Statement: regulatory information notices to collect information for economic benchmarking November 2013. GSL Payments is sourced from GL and project information.	Operating expense items disclosed in Appendix B of JEN's Annual RIN are sourced from SAP, the ERP system that JEN uses to capture its financial and some operational information. Cost collectors such as cost and profit centres are utilised within SAP to collect costs at a macro level. PM Orders are set up to collect costs at a micro level and roll up to projects or WBS. These PM Orders are designed to collect costs based on the activity on which an individual works and to accept any external costs associated with that activity. (e.g. Billing & Revenue collection, Customer service, Information Technology, etc.). JEN uses time writing to capture internal labour costs. Where practical and appropriate all employees time write to a PM Order. These form the direct costs incurred for a respective activity. JEN allocates overheads to these activities based on its internal policies and in accordance with the AER approved CAM. GSL Payments is sourced from GL and project information.	n/a
ACS DOPEX0120 - Information Technology DOPEX0126 – Metering DOPEX0128 - Alternative Control - Other	Data (Maintenance and opex) is sourced from Appendix B of the JEN's Annual RIN response. The information obtained in the reports is consistent with the AER's definition of actual information as per section 2.2.2 of the Better	Operating expense items disclosed in Appendix B of JEN's Annual RIN are sourced from SAP, the ERP system that JEN uses to capture its financial and some operational information. Cost collectors such as cost and profit centres are utilised within SAP to collect costs at a macro level. PM Orders are set up to collect costs at a micro level and roll up to projects or WBS. These PM Orders are designed to collect costs based on the activity on which an	n/a

Variable	Source and why actual	Methodology	Assumptions
	<p>Regulation Explanatory Statement: regulatory information notices to collect information for economic benchmarking November 2013.</p> <p>With effect from CY16, metering costs are included under ACS. Previously these costs were not categorised as ACS, and disclosure under the AMI CROIC was historically excluded from RIN B.</p>	<p>individual works and to accept any external costs associated with that activity. (e.g. Information Technology, etc.).</p> <p>JEN uses time writing to capture internal labour costs. Where practical and appropriate all employees time write to a PM Order. These form the direct costs incurred for a respective activity.</p> <p>JEN allocates overheads to these activities based on its internal policies and in accordance with the AER approved CAM.</p>	

Estimated information

No estimated information is provided.

3.2.2 OPEX CONSISTENCY

Actual Information

Variable	Source and why actual	Methodology	Assumptions
<p>SCS</p> <p>DOPEX0203 - Opex for connection services; and</p> <p>DOPEX0206 - Opex for transmission connection point planning</p>	<p>Data (Maintenance and opex) is sourced from Appendix B of the JEN's Annual RIN response.</p> <p>Opex for connection services is derived from WBSs relating to Premise Faults activities.</p>	<p>Operating expense items disclosed in Appendix B of JEN's Annual RIN are sourced from SAP, the ERP system that JEN uses to capture its financial and some operational information.</p> <p>Cost collectors such as cost and profit centres are utilised within SAP to collect costs at a macro level.</p> <p>PM Orders are set up to collect costs at a micro level and roll up to projects or WBS. These PM Orders are designed to collect costs based on the activity on which an individual works and to accept any</p>	n/a

3.2 OPERATING EXPENDITURE

Variable	Source and why actual	Methodology	Assumptions
	<p>Opex for transmission connection point planning is derived from the PM Order that relates to this activity.</p> <p>The information obtained in the reports is consistent with the AER's definition of actual information as per section 2.2.2 of the Better Regulation Explanatory Statement: regulatory information notices to collect information for economic benchmarking November 2013.</p>	<p>external costs associated with that activity. (e.g. Information Technology, etc.).</p> <p>JEN uses time writing to capture internal labour costs. Where practical and appropriate all employees time write to a PM Order. These form the direct costs incurred for a respective activity.</p> <p>JEN allocates overheads to these activities based on its internal policies and in accordance with the AER approved CAM.</p>	
<p>SCS DOPEX0201 - Opex for network services</p>	DOPEX0201 is a result of DOPEX01 less DOPEX0203 and DOPEX0206.	The method being, Opex for network services is the residual amount after reducing the Total DOPEX01 (SCS) by DOPEX0203 (Opex for connection services) and DOPEX0206 (Opex for Transmission connection point planning).	n/a
<p>ACS DOPEX0202 - Opex for metering</p>	<p>DOPEX0202 equals DOPEX0126</p> <p>With effect from CY16, metering costs are included under ACS. Previously these costs were not categorised as ACS, and disclosure under the AMI CROIC was historically excluded from RIN B.</p>	Opex for metering equals DOPEX0126 (Metering).	n/a
<p>ACS DOPEX0204 - Opex for public lighting</p>	DOPEX0204 is comprised of DOPEX0110 and the IT that relates to Public Lighting within DOPEX0120. DOPEX0120 includes IT relating to Public Lighting and also Ancillary Network Services	Opex for public lighting equals DOPEX0110 (Public Lighting) and the IT that relates to Public Lighting within DOPEX0120.	n/a

3.2.4 OPEX FOR HIGH VOLTAGE CUSTOMERS

Estimated Information

Variable	Why estimate, not actual	Basis for estimate
DOPEX0401 - Opex for high voltage customers	This is an estimate as the costs are not incurred by JEN and are therefore not maintained within JEN's internal systems.	<p>The engineering team provided an estimate of activities and their costs that may have been incurred for the current reporting year.</p> <p>Thermographic survey costs per customer were calculated by determining the average overhead length of feeders (km) multiplied by the Select Solutions (service provider) thermal survey rate per km.</p> <p>Transformer (substation) inspection costs per customer and Outage attendance (assumed 1 outage per annum) per customer were estimates of number of FTE hours multiplied by the internal labour rate.</p> <p>The number of High Voltage Customers was reviewed and updated by the engineer to reflect the right level applicable for the current reporting year. The number of High Voltage Customers for the current reporting year is then multiplied by the updated cost estimate per customer, to then arrive at the total cost estimate.</p> <p>This approach is the most reasonable given the availability of data. JEN is not aware of a superior technique, given the data availability constraints.</p>

3.2.3 PROVISIONS

Actual Information

Variable	Source and why actual	Methodology	Assumptions
<p>All variables (DOPEX0301A – DOPEX0314A)</p> <p>Provision for doubtful debts</p>	<p>The data is considered actual as it is extracted from the relevant General Ledger accounts from SAP, the Enterprise Resource Planning (ERP) system that JEN uses to capture its financial and other information.</p>	<p>When JEN writes-offs bad debt from its customers, these are recognised in the Provision Account and disclosed under variable DOPEX0305A, “Amounts used”.</p> <p>JEN adjusts these provisions in accordance with its internal policies to ensure that provisions are recognised, measured and disclosed in its Special Purpose Financial Report (SPFR) and in accordance with Australian Accounting Standards.</p> <p>Routine increases in provisions are disclosed against variable DOPEX0302A, “Additional provisions made in the period, including increases to existing provisions”.</p> <p>Similarly excess routine provisions are reversed and disclosed under variable DOPEX0308A, “Unused amounts reversed during the period”.</p> <p>JEN’s doubtful debt provisions are Opex in nature and disclosed accordingly in the template.</p>	<p>n/a</p>

Variable	Source and why actual	Methodology	Assumptions
<p>All variables (DOPEX0301B – DOPEX0314B)</p> <p>Provision for claims from customers</p>	<p>The data is considered actual as it is extracted from the relevant General Ledger accounts from SAP.</p>	<p>JEN provides for Claims/Compensation.</p> <p>JEN receives claims from its customers for damages to their property as a result of an incident on its network. JEN provision for claims is calculated based JEN's Customer Service Manager's assessment of the claim including supporting information provided by the customer. When JEN provides for potential claims, this is carried to variable DOPEX0302B "Additional provisions made in the period, including increases to existing provisions."</p> <p>The provision increases or decreases against a database where the customer service manager tracks the claims. JEN records changes in the Profit & Loss Statement, in conjunction with it being recognised, measured and disclosed in its SPFR and in accordance with Australian Accounting Standards.</p> <p>When JEN accepts and pays the claim from its customers, this is disclosed under variable DOPEX0305B, "Amounts used" and recorded in the Profit & Loss Statement. JEN has functionality within its ERP system to extract data from its Profit & Loss Statement and distinguish between usage of and changes in the provision.</p> <p>Similarly excess routine provisions are reversed and disclosed under variable DOPEX0308B, "Unused amounts reversed during the period".</p> <p>JEN's claims provisions are Opex in nature and disclosed accordingly in the template.</p>	<p>n/a</p>

3.3 ASSETS (RAB)

JEN submitted its first economic benchmarking RIN (**RIN B**) to the AER on 30 April 2014. This document explains our approach (see section 3.3.2) to prepare the information required under Excel tab 3.3 RAB and demonstrates that the approach to prepare this information for our current RIN response is consistent with our approach used in our responses over the last four years.

STANDARD CONTROL ASSET BASE

JEN adopted the AER's standard approach to disaggregate its current reporting period RAB

JEN have rolled-forward the RAB from CY2016 to the current reporting period using the AER's prescribed standard approach outlined in the RIN B.

To disaggregate the RAB using the AER's prescribed standard approach—refer to *section 3.3* for more detail—JEN is required to allocate its RAB, in direct proportion to the relevant RIN B category's share of either:

- total estimated depreciated replacement cost (**DRC**) for 2013, or
- total book value for the regulatory year 2013.

JEN has maintained a consistent methodology to disaggregate its current reporting period RAB as we applied in our response to the RIN B on 29 April 2015

To ensure consistency, we have used the 2013 splits¹ to disaggregate the current reporting period's RAB, which aligns to our methodology for disaggregating the 2006 to 2013 RAB, where we also used the 2013 splits (as per the AER's guidance).

JEN notes that the information relating to the RAB are estimates rather than actuals

Consistent with our previous submission, we note that these RAB variables are estimates rather than actuals.

Since the AER Final Decision (**FD**)², we made some minor, but key changes

On 26 May 2016, the AER released its final decision on Jemena's distribution determination for the 2016-20 regulatory control period. This decision included opening RAB balances for 2016 by RAB asset class.

On 15 December 2016, the AER published its final decision regarding amendments to version 1 of the Roll Forward Model (**RFM**) for distribution network service providers (**DNSPs**). This decision included a revised Distribution RFM, described as version 2, which the distribution businesses are now required to use.

As a result of these two decisions JEN applied the new framework to roll forward the RAB by:

- Adopting version 2 of the RFM;
- Transferring the AER FD outcomes into the new version 2 RFM;
- Replacing current reporting period forecast values from the final decision for gross capex, asset disposals and customer contributions with actual information; and

¹ The 'splits' refer to the direct proportion to the relevant RIN B category's share of either total estimated DRC or total book value.

² Also known as a substitute decision per NER, s 11.60.4(c)

- Updating the lagged inflation assumption which applies to the current reporting period by using the inflation between June 2015 and June 2016.

Consequences of adopting version 2 of the RFM

- Version 2 of the RFM applies forecast regulatory depreciation rather than actual regulatory depreciation.
- The AER now applies the Capital Expenditure Sharing Scheme (**CESS**) to JEN and has implemented a 'forecast depreciation' approach—where the real forecast depreciation amount (based on forecast capex) approved at the 2011-15 EDPR decision is used to roll forward the RAB.
- In future years the Nominal WACC assumption will also need to be updated as the cost of debt transition methodology is implemented.
 - Version 2 of the RFM accommodates different annual WACC inputs over the regulatory control period within the 'RFM input' worksheet. This change is consistent with the changes to the PTRM and gives effect to the AER's rate of return guideline, which allows for an annual update for the return on debt.
 - Cost of debt transition method is consistent with AER's 2013 Rate of Return Guideline.

Transferring AER FD values into version 2 of the RFM

JEN transferred the final decision values into the “RFM input” worksheet to populate version 2 of the RFM.

The primary source for this process was the Post Tax Revenue Model (**PTRM**) titled “CONFIDENTIAL - AER - Final decision Jemena - Post tax revenue model (incl depreciation tracking) - May 2016.xls”.

For all “in-period” cash flows, a half year adjustment was required to convert the “End of Period” values presented in the PTRM to the mid period values required in the RFM. This was required to reconcile the closing balances shown in “Total RAB roll forward” prior to making further changes.

JEN notes that the new “Land” asset class was included as part of this process.

Inflation assumptions are based on a lagged method

JEN maintains the ‘all-lagged’ methodology aligns with the annual tariff setting approach and the AER agreed with this position in the final decision (refer to RAB RFM and PTRM calculations).

The new functionality in version 2 of the RFM allows JEN to select the “All-lagged Inflation” option presented within the drop down box in cell F177 of “RFM input”.

For transparency, JEN added a section on the “RFM input” worksheet to capture movements in inflation indexes. In rows 265 to 274 JEN highlights the AER's decision to switch from a September quarter end basis to a June quarter end basis.

The input for actual inflation applied to the reporting period in row 182 of “RFM input” is therefore calculated from the indexes in rows 265 to 274.

ACS METERING ASSET BASE³

On 26 May 2016, the AER released its final decision on Jemena's distribution determination for the 2016-20 regulatory control period. This decision included a reclassification of a portion of Metering assets from SCS into a new ACS Metering service category.

As a result the AER FD included an ACS Metering PTRM and a RAB RFM which are the models used as the basis for this section of the RIN.

Since the AER FD, we made some minor, but key changes in line with the approach for the SCS RAB.

The AER FD on 26 May 2016, regarding Jemena's distribution determination for the 2016-20 regulatory control period, included opening RAB balances for 2016 by metering RAB asset class.

On 15 December 2016, the AER published its final decision regarding amendments to version 1 of the Roll Forward Model (RFM) for distribution network service providers (DNSPs). This decision included a revised Distribution RFM, described as version 2, which the distribution businesses are now required to use.

As a result of these two AER decisions JEN applied the AER framework to roll forward the RAB by:

- Adopting version 2 of the RFM;
- Transferring the AER FD outcomes into the new version 2 RFM;
- Replacing current reporting period forecast values from the final decision for gross capex, asset disposals and customer contributions with actuals; and
- Updating the lagged inflation assumption which applies to the current reporting period.

Consequences of adopting version 2 of the RFM

As per the equivalent section within the SCS Asset Base methodology described above.

Transferring AER FD values into version 2 of the RFM

JEN transferred the final decision values into the "RFM input" worksheet to populate version 2 of the RFM.

The primary source for this process was the Post Tax Revenue Model (PTRM) titled "AER - Final Decision Jemena - Metering PTRM & Exit Fees - May 2016".

For all "in-period" cash flows, a half year adjustment was required to convert the "End of Period" values presented in the PTRM to the mid period values required in the RFM. This was required to reconcile the closing balances shown in "Total RAB roll forward" prior to making further changes.

Inflation assumptions are based on a lagged methodology

JEN maintains the 'all-lagged' methodology which aligns with the annual tariff setting approach and the AER agreed with this position in the final decision.

The new functionality in version 2 of the RFM allows JEN to select the "All-lagged Inflation" option presented within the drop down box in cell F177 of "RFM input".

⁴ACS Metering refers to the type 5, 6 and smart metering alternative control service asset class.

For transparency JEN added a section on the “RFM input” worksheet to capture movements in inflation indexes. In rows 265 to 274 JEN highlights the AER’s decision to switch from a September quarter end basis to a June quarter end basis.

The input for actual inflation applied to the current reporting period in row 182 of “RFM input” is therefore calculated from the indexes in rows 265 to 274.

PUBLIC LIGHTING ASSET BASE

The Public Lighting RAB has also been updated during the latest JEN price review

On 26 May 2016, the AER released its final decision on JEN's distribution determination for the 2016-20 regulatory control period. This decision included opening 2016 balances for public lighting assets.

JEN has taken the final decision model titled “AER - Final Decision Jemena - Public Lighting model - May 2016.xls” and updated the current reporting year forecast values for net capital expenditure with actual information.

3.3.1 REGULATORY ASSET BASE VALUES

Actual Information

No actual information is provided.

Estimated Information

Variable	Why estimate, not actual	Basis for estimate	Assumptions	Why best estimate
DRAB0101 – DRAB0107	These variables are estimated as they are the summation of a series of estimated inputs set out in Table 3.3.2.	Table 3.3.1 is the summation of the individual asset categories in table 3.3.2	None	This is JEN's best estimate as these variables are simply the summation of a series of JEN's best estimates of individual asset categories in table 3.3.2

3.3.2 ASSET VALUE ROLL FORWARD

Actual Information

No actual information is provided.

Estimated Information

For more detail relating to the variables explained in section 3.3.2 Asset value roll forward and section 3.3.3 Total disaggregated RAB values, please refer to **Attachment 3—JEN EBT allocation model**.

Explain why the variable is estimated and why actual information could not be provided

JEN notes that the information relating to the regulatory asset base are estimates rather than actuals.

The variables are estimates rather than actual information for three main reasons:

1. The information relating to the RAB does not meet the AER's definition of actual because this information is not recorded within JEN's financial system and cannot be reconciled to. JEN does not report this information in the normal course of business. As such, this is consistent with the AER's definition of 'estimates'.
2. JEN was unable to directly allocate the asset categories within the AER's approved RAB for JEN (hereafter referred to as **regulatory categories**) to the AER's economic benchmarking asset categories (hereafter referred to as **EBT categories**). Therefore, an allocation methodology was applied. Also note that JEN does not capture RAB data within its financial systems.
3. The AER has never approved a network services RAB and therefore it had to be estimated.

The sections below provide further detail.

Allocation of regulatory categories to EBT categories

The regulatory categories that were able to be directly allocated to EBT categories are set out in table A below.

Table A: Direct allocation of regulatory categories to EBT categories

Regulatory category	EBT category
Standard metering ⁴	Meters
Metering (ACS)	Meters
Public lighting	Other assets with long lives
SCADA/Network control	Other assets with short lives
Non-network general assets - IT	Other assets with short lives
IT, Communications and Other (ACS metering)	Other assets with short lives

⁴ *Standard metering* relates to residual metering in the standard control service RAB, it is distinct and separate from the *type 5, 6 and smart metering* alternative control service asset class.

The regulatory categories that were allocated to a group of EBT categories are set out in table B below.

Table B: Allocation of regulatory categories to group of EBT categories

Regulatory category	Group of EBT categories
Sub-transmission	Overhead network assets 33kV and above (wires and towers / poles etc.)
	Underground network assets 33kV and above (cables, ducts etc.)
	Zone substations and transformers
Distribution system assets	Overhead network assets less than 33kV (wires and poles)
	Underground network assets less than 33kV (cables)
	Distribution substations including transformers
Non-network general assets - Other	Other assets with long lives
	Other assets with short lives

JEN does not capture data for easements. JEN did not report any values for easements and were intentionally left blank in the template.

Explain the basis upon which the estimate was made and the methodology used

JEN rolled forward its SCS RAB by applying the AER's RAB framework. For the regulatory years 2006 to 2010 and 2010 to 2015, the SCS RAB reconciles back to the AER's approved roll-forward model (RFM).⁵

JEN rolled forward its ACS Metering RAB⁶ for the first time by applying the AER's RAB framework.

JEN rolled forward its ACS RAB in accordance to the AER's approved public lighting model

JEN rolled forward its ACS RAB by applying the AER's RAB framework. For the regulatory years 2006 to 2010 and 2010 to 2015, the ACS RAB reconciles back to the AER's approved RFM.⁷

JEN adopted the AER's standard approach to disaggregate its RAB

JEN disaggregated its RAB into the EBT categories using the AER's prescribed standard approach, where JEN is required to allocate its RAB, in direct proportion to the relevant EBT category's share of either:

- total estimated depreciated replacement cost for 2013, or
- total book value for the regulatory year 2013.

The DRC was used to estimate the following EBT categories:

- Overhead network assets less than 33kV (wires and poles)

⁵AER, *Jemena Electricity Networks (Victoria) Ltd, distribution determination, Pursuant to Orders of the Australian Competition Tribunal in Application by United Energy Distribution Pty Limited (No 2) [2012] ACompT 8, September 2012.*

⁶ACS metering relates to the type 5, 6 and smart metering alternative control service asset class.

⁷AER, *Jemena Electricity Networks (Victoria) Ltd, distribution determination, Pursuant to Orders of the Australian Competition Tribunal in Application by United Energy Distribution Pty Limited (No 2) [2012] ACompT 8, September 2012.*

- Underground network assets less than 33kV (cables)
- Distribution substations including transformers
- Overhead network assets 33kV and above (wires and towers / poles etc.)
- Underground network assets 33kV and above (cables, ducts etc.)
- Zone substations and transformers.

The book value within JEN's statutory asset register has been used to estimate the following EBT categories:

- Other assets with long lives
- Other assets with short lives.

The EBT category 'meters' was populated as a direct allocation from the RAB category 'standard metering'.

JEN has used estimated depreciated replacement costs to allocate its SCS network assets

Consistent with the AER instructions, the DRC for each EBT Category was estimated by the following formula:

DRC = Estimated weighted average unit rate replacement costs x physical asset data x weighted average remaining asset lives (existing assets) / weighted average service lives (existing assets), where:

- The estimated weighted average unit rate replacement costs were estimated using best endeavours, based on most recent project estimates. Due to lack of information, the project sample includes both (a) partially completed and (b) completed projects. The projects within the sample were assigned physical characteristics such as (a) line length in kms and (b) capacity in MVA, based on engineering judgement. The estimated weighted average unit rate is then calculated as the project cost estimates (\$) / length line (kms) x capacity (MVA). Importantly, JEN assumed that the same unit replacement costs for both overhead and underground network assets 33kV.
- Physical asset data is sourced from RIN sheet 6 (Physical assets).
- The weighted average remaining asset lives (existing assets) are sourced from table 4.4.2 of RIN sheet 4 (RAB assets).
- The weighted average service lives (existing assets) are based on the lives in table 4.4.1 of RIN sheet 4 (RAB assets), but amended to reflect the service lives of existing assets rather than new assets installed in the relevant year.

The estimated DRCs for the regulatory year 2013 were used to allocate the RAB categories to EBT categories for the whole period (2006 to 2013), as per the AER's instructions.

Table C sets out the DRC that is calculated by applying the prescribed DRC formula. The estimated DRC is explicitly used to derive the percentage allocation for the RAB, and is not indicative of the actual network replacement costs. **Table D** sets out the allocation of RAB categories to EBT Categories based on 2013 DRC.

Table C: 2013 depreciated replacement costs by EBT category

EBT Category	Unit	CY13
Overhead network assets less than 33kV (wires and poles)	\$000/km ² /MVA	9,152
Underground network assets less than 33kV (cables)	\$000/km ² /MVA	659

EBT Category	Unit	CY13
Distribution substations including transformers	\$000/km/MVA ²	495
Overhead network assets 33kV and above (wires and towers / poles etc.)	\$000/km ² /MVA	190
Underground network assets 33kV and above (cables, ducts etc.)	\$000/km ² /MVA	7
Zone substations and transformers	\$000/km/MVA ²	178

Table D.: Percentage allocations of RAB categories to EBT categories based on 2013 DRC

RAB category	Allocation to EBT categories	
Sub-transmission	Overhead network assets 33kV and above (wires and towers / poles etc.)	50.56%
	Underground network assets 33kV and above (cables, ducts etc.)	1.94%
	Zone substations and transformers	47.50%
	Total	100.00%
Distribution system assets	Overhead network assets less than 33kV (wires and poles)	88.81%
	Underground network assets less than 33kV (cables)	6.39%
	Distribution substations including transformers	4.80%
	Total	100.00%

JEN used the relative share of book value to allocate its non-network assets

JEN mapped each regulatory category to an EBT category. The relative share of book value was only used to allocate the regulatory category 'non-network general assets – other' to the two EBT categories 'other assets with short lives' and 'other assets with long lives'.

Table E sets out the resulting allocation of 2013 book value.

Table E. Percentage allocations of regulatory categories to EBT categories based on 2013 book value

Regulatory category	Allocation to EBT categories	
Non-network general assets - Other	Other assets with long lives	6.93%
	Other assets with short lives	93.07%
	Total	100.00%

JEN estimated a network services RAB

The AER approved a SCS and Public Lighting alternative control services (**ACS**) RAB for JEN during the 2010 electricity distribution price review, but did not approve network services (**NS**).

JEN notes the AER's guidance that the NS RAB is a subset of the SCS RAB. The NS RAB was estimated by removing any portion of assets from the SCS RAB, which relate to the provision of:

- connection services
- standard metering
- public lighting
- fee & quoted based services.

JEN faced difficulties identifying assets related to connection services because—unlike standard metering and public lighting—JEN does not have a separate regulatory category for connection services assets.

Faced with this difficulty, JEN estimated the NS RAB by:

- step 1—estimating the proportion of total capital contributions related to connection services over 2010 to 2013, where data was available
- step 2—multiplying gross (net) demand connection capex over 2006 to 2013 by this proportion to estimate the gross (net) capex related to connection services
- step 3—using this net capex to estimate the share of the opening 2006 RAB related to connections.

No assets were deducted for fee and quote based services because the AER did not approve any FQ RAB.

Further detail follows.

Step 1. The approach starts with total capital contributions for the regulatory years 2010 to 2013 by activity (e.g. medium density housing, dual and multiple occupancy, business supply projects, etc.). Because JEN does not have a connection services RAB, it assumed that all contributions relating to business supply projects and low density & small business supplies <10kVA are associated with connection services.

This represents an average of 43% over the four years, calculated using the following:

Portion of connection services = $(CC1 + CC2) / \text{total capital contributions}$, where:

CC1 = capital contributions relating to business supply projects

CC2 = capital contributions relating to low density & small business supplies <10kVA.

Step 2. To then determine the gross capex and capital contributions amounts (relating to connection services) for the whole period (2006 to 2013), JEN applied the above percentage to the gross demand connection capex and total contributions to the regulatory years 2006 to 2009.

Step 3. JEN also identified an estimated portion of the opening distribution system assets RAB (2006), that relates to connection services based on the relative proportion of net connection services capex to net distribution system assets capex for the whole period.

The formula used is set out below:

Opening 2006 RAB (connection services) = $Cp:Dp \times \text{opening 2006 RAB}$, where:

Cp:Dp = Ratio of net connection services capex to ratio of net distribution system assets capex

Net capex = gross capex less capital contributions

Opening 2006 RAB = AER approved 2006 opening RAB for distribution system assets.

The identified opening connection services RAB was then rolled-forward in accordance with the AER's RAB framework, using connection services capex, customer contributions and asset disposals. The regulatory depreciation for the connection services net capex was assumed to be a portion (calculated above) of the regulatory depreciation for distribution system assets.

Explain the assumptions made when applying the chosen methodology

JEN interpreted the AER's guidance to use DRC for the regulatory year 2013 retrospectively

- When calculating depreciated replacement costs, JEN interprets the AER's instruction "where disaggregation is required for the whole period then this will be the 2013 regulatory year" to mean that the DRC estimates for the regulatory year 2013 are used to allocate the regulatory categories to the network-related EBT categories for the regulatory years 2006 to 2013. The same approach was used to allocate regulatory categories to non-network-related EBT categories based book values.
- When calculating the DRC estimates, JEN applied the weighted average service lives of *existing assets*, rather than *new assets*.

JEN made assumptions to estimate a notional NS RAB

- The 2006 opening RAB for connection services was assumed to equal the historical (2006 to 2013) cumulative share of connection related net capex, multiplied by the opening RAB of distribution system assets.
- The proportion of capital contributions related to connection services over 2006 to 2009 equals the average proportion over 2010 to 2013.
- The activities that relate to connection services are assumed to be business supply projects and low density & small business projects <10kVA.
- The proportion of gross connection services capex over 2006 to 2013 related to connection services is the same as the equivalent proportion for capital contributions over this period.

- RAB escalation and straight line depreciation for connection services equals the equivalent value for the SCS RAB multiplied by the share of the opening SCS RAB related to connection services.

JEN made other general assumptions to estimate the RABs

- All information is presented in nominal dollars.
- All information is presented to the nearest thousand (\$000), rounded to the nearest whole number.
- Straight line depreciation and regulatory depreciation are expressed as negative values.
- Actual additions are assumed to equal gross capex less customer contributions.
- The same allocation percentages were used to allocate RAB categories to EBT categories for each of the RABs (SCS, NS, ACS).

Explain why the estimate is JEN's best estimate given the information sought

JEN uses, where possible, data that are within its financial system, AER approved data and its best endeavours when estimating the relevant RABs.

JEN's best estimate follows, as close as possible, the AER's explanatory statement, instruction and definition document or the AER's preferred methodology for rolling forward RABs, such as:

- using ABS data to estimate actual CPI
- applying the RAB framework to roll-forward its RAB, and
- adopting the standard allocation approach to disaggregate its RAB.

For financial information only: Identify whether accounting policies materially changed during any of the years covered within the Notice

No.

Only if response to above was yes: Explain the nature of the change identified in e. and the impact of that change

Not Applicable.

3.3.3 TOTAL DISAGGREGATED RAB ASSET VALUES

Actual Information

No actual information is provided.

Estimated Information

Variable DRAB1201 – 1210 - These variables are assumed to equal the average of the opening and closing value (for each asset category) in Table 3.3.2. This is consistent with the AER's guidance in its explanatory statement.

Variable DRAB13 - AER approved actual values for Standard Control Services and Alternative Control Services. Network Services values are allocated in the same way as described above for variables DRAB0201 – DRAB1107.

Variable	Why estimate, not actual	Basis for estimate	Assumptions	Why best estimate
DRAB1201 - 1210	JEN considers these variables to be estimates as they are a function of estimated variables.	These variables are the summation of variables DRAB0201 – DRAB1107	n/a	Refer to section 3.3.2
DRAB13	Refer to section above titled “JEN estimated a network services RAB”. JEN made assumptions to estimate a network services RAB’	Refer to section above titled “JEN estimated a network services RAB”. JEN made assumptions to estimate a network services RAB’	Refer to section above titled “JEN estimated a network services RAB”. JEN made assumptions to estimate a network services RAB’	Refer to section above titled “JEN estimated a network services RAB”. JEN made assumptions to estimate a network services RAB’

3.3.4 ASSET LIVES

Actual information

4. Assets applicable to ACS are public lighting and (ACS) metering. Public lighting assets apply to the “other” long asset lives category (the ACS column for DRAB1408, DRAB1508), and metering to the meters and “other” short asset lives categories (the ACS column for DRAB1407, DRAB1409, DRAB1507, DRAB1509).
5. All assets for SCS have the same estimated service life for network services because connection fees in SCS does not affect the estimated average life of the assets, except for DRAB1401, DRAB 1402, DRAB1501, DRAB1502. Services assets apply to the category of DRAB1401, DRAB1402, DRAB 1501, DRAB1502 and are only included in SCS Section.

Variable	Source and why actual	Methodology	Assumptions
DRAB1401, DRAB1402, DRAB1403, DRAB1404, DRAB1405, DRAB1406, (SCS and NS only)	Standard asset lives have been applied based on the AER’s final determination from the PTRM, titled “CONFIDENTIAL - AER - Final decision Jemena - Post tax revenue model (incl depreciation tracking) - May 2016.xls	Standard lives, sourced from the AER’s Final Decision, are calculated based on the existing mapping between RAB asset classes and EB RIN asset classes contained in JEN’s EBT allocation model	Standard lives for NS are assumed to be the same as for SCS
DRAB1407 and DRAB1409 (ACS only)	The AER-determined standard asset lives are provided.	ACS metering assets (regulatory category) are mapped directly to the ‘Meters’ EBT category. IT, Communications and Other (ACS metering) are mapped directly to the “Other” assets with short lives’ category.	N/A
Network services and alternative control services	The AER’s explanatory statement states network services are defined as a subset of standard control services—i.e. network services excludes metering, connection services, public lighting and fee based and quoted services. Consequently, JEN has excluded metering asset service and residual lives from the network services section and included asset service and residual lives for public lighting and ACS metering within the ACS section (under DRAB1407-DRAB1409 and DRAB1507-DRAB1509).		

Variable	Source and why actual	Methodology	Assumptions
	JEN has also not reported any asset service and residual asset lives for the following variables (DRAB1401-DRAB1406 and DRAB1501-DRAB1506) within the ACS section because JEN has no ACS assets that fall within these categories.		

Estimated information

Variable	Why estimate, not actual	Basis for estimate	Assumptions	Why best estimate
DRAB1408- DRAB1409 (SCS only)	The asset lives for other short and other long categories are unable to be sourced directly from JEN's internal business records	<ol style="list-style-type: none"> 1. Estimate the percentage of short vs long 'other' assets. This is calculated based on prior actual expenditure to determine weighting between these two categories. 2. Estimate the life of assets within each category. 	The assumed life of assets within these categories utilises the AER-approved standard asset lives for non-network asset classes. For the 'Non-network general assets – other' regulatory category, short 'other' life assets were assumed to have a 10 year life and long 'other' life assets were assumed to have a 40 year life. From 2016 onwards, the AER increased the standard life of the 'Non-network general assets – other' regulatory category, therefore JEN increased our 10 year assumption for short 'other' assets in line with the AER's determination.	JEN is not aware of a superior estimation technique.
DRAB1501, DRAB1502, DRAB1503, DRAB1504, DRAB1505, DRAB1506, DRAB1507 (SCS and NS only),	JEN is unable to source data directly from internal business systems and hence uses an accounting proxy method	An accounting proxy method is applied. The period's opening value (by category) is divided by straight line depreciation (for the current period) to calculate the estimated remaining life.	N/A	JEN has changed this methodology to align with the approach applied to other assets. JEN is not aware of a superior estimation technique.

Variable	Why estimate, not actual	Basis for estimate	Assumptions	Why best estimate
DRAB1508 (ACS only)				
DRAB1508- DRAB1509 (NS and SCS only)	The asset lives for other short and other long categories are unable to be sourced directly from JEN's internal business records	<p>An accounting proxy method is applied. The period opening value (by category) is divided by straight line depreciation (for the current period) to calculate the estimated remaining life.</p> <p>The 'Non-network general assets – other' category value is then split into short and long 'other' EBT categories.</p> <p>The short 'other' asset life EBT category is then weighted with the SCADA/Network control and Non-network general assets – IT categories.</p>	<p>The assumed life of assets within these categories utilises the AER-approved standard asset lives for non-network asset classes. For the 'Non-network general assets – other' regulatory category, short 'other' life assets were assumed to have a 10 year life and long 'other' life assets were assumed to have a 40 year life. From 2016 onwards, the AER increased the standard life of the 'Non-network general assets – other' regulatory category, therefore JEN increased our 10 year assumption for short 'other' assets in line with the AER's determination.</p>	JEN is not aware of a superior estimation technique.
DRAB1507 and DRAB1509 (ACS only)	The asset lives for other short and other long categories are unable to be sourced directly from JEN's internal business records	<p>An accounting proxy method is applied. The period opening value (by category) is divided by straight line depreciation (for the current period) to calculate the estimated remaining life.</p> <p>For the 'Non-network general assets – other' category, the standard asset lives may differ between categories, the estimated remaining lives are then weighted by closing balance.</p>	N/A	JEN is not aware of a superior estimation technique.

3.4 OPERATIONAL DATA

3.4.1 ENERGY DELIVERY

Actual information

Variable	Source and why actual	Methodology	Assumptions
DOPED01	The data is sourced from JEN's two billing systems, SAP ERP and SAP ISU. JEN therefore considers this information to be actual information. The data is then captured in the LC2017.xls on a monthly basis and is summated in worksheet Year to date.	The data is obtained from JEN's billing systems where a monthly report is produced from each billing system to record quantities and revenue by tariff component. The data is then captured in the LC2017.xls on a monthly basis and is summated in worksheet Year to date.	<p>The tariff codes listed below are incorporated in JEN's approved annual tariffs which are published by the AER.</p> <p>DOPED01: Sum of Peak energy, Off Peak energy and Shoulder energy all tariff codes.</p>
DOPED0201 – DOPED0206	The data is sourced from JEN's two billing systems, SAP ERP and SAP ISU. JEN therefore considers the information to be actual information. The data is then captured in the LC2017.xls on a monthly basis and is summated in worksheet Year to date.	The data is obtained from JEN's billing systems where a monthly report is produced from each billing system to record quantities and revenue by tariff component. The data is then captured in the LC2017.xls on a monthly basis and is summated in worksheet Year to date.	<p>The tariff codes listed below are incorporated in JEN's approved annual tariffs which are published by the AER.</p> <p>DOPED0201: Comprises of peak energy for A100 and A200 tariff codes.</p> <p>DOPED0202: Comprises of Peak energy for all tariff codes with the exception of A100, A200 and A290.</p> <p>DOPED0203: Comprises of Shoulder energy for all tariff codes.</p> <p>DOPED0204: Comprises of all Off-Peak energy for all tariff codes with the exception of A180 and A290.</p>

Variable	Source and why actual	Methodology	Assumptions
			<p>DOPED205: Comprises of Off Peak energy for A180 tariff code</p> <p>DOPED206: Comprises of Peak energy and off peak energy for A290 tariff code.</p>
DOPED0301 – DOPED0304	<p>The TNSP data obtained by JEN as a monthly value from the wholesale metering database. This is the actual data that determines the total energy received.</p> <p>To determine the split of the total TNSP data between peak and off-peak the following sources are used:</p> <ul style="list-style-type: none"> - Billing data that is sourced from JEN's two billing systems, SAP ERP and SAP ISU. The data is then captured in the LC2017.xls on a monthly basis and is summated in worksheet – for A210 customers and above - Interval meter readings (Interval Meter Store (IMS) system data) for all Residential customers and A200 small business customers <p>The information is considered to be actual:</p> <ul style="list-style-type: none"> - the total energy received from TNSP is the actual data obtained as a monthly value - the breakdown of the actual energy received from TNSP between peak and off-peak is based on 96% actual data (from billing system and IMS). There is no reliable way to receive the actual data split between peak and off peak 	<p>JEN extracts the actual total TNSP data for the calendar year.</p> <p>We use the peak and off peak break down for using the actual billing information available for all time of use tariffs (billing data is separated by peak and off-peak).</p> <p>For the tariffs where peak off peak are not available (anytime tariffs A100 and A200) we use 30 min interval readings (IMS data) to split the load between peak and off peak.</p> <p>Billing data + IMS data for anytime tariffs explains 96% of the total energy received from TNSP.</p> <p>The difference of 4% is attributable to system losses and to manually read meters.</p>	<p>We assume that the peak/off-peak break down of the system losses follows the same peak/off-peak profile as the billed energy.</p> <p>We assume that the manually read meters follow the same peak/off-peak break down as the AMI meters.</p>

Variable	Source and why actual	Methodology	Assumptions
	energy for the 4% difference (attributable to system losses and manually read meters), and there are no alternatives available that would result in a materially different presentation.		
DOPED0401 – DOPED0403	JEN does not record data for variables DOPED0401 to DOPED0403. The energy received from Embedded Generation on an accumulation basis is provided under variable DOPED0404.		
DOPED0404	JEN considers this information is actual as energy received into JEN from embedded generation is extracted from JEN's IMS and Itron systems. Note: The new Itron system was commissioned in May 2017 replacing the IMS system.	The generation data for each embedded generator is obtained from Itron and then summated. The data includes the energy received from non-residential embedded generation on an accumulation basis. Embedded generator excluded is: Somerton Power Station	The data is embedded generation data only; it does not include the energy consumed by embedded generation.
DOPED0501 – DOPED0505	The data is sourced from JEN's two billing systems, SAP ERP and SAP ISU. JEN therefore considers the information to be actual information. The data is then captured in the LC2017.xls on a monthly basis and is summated in worksheet Year to date.	The data is obtained from JEN's billing systems where a monthly report is produced from each billing system to record quantities and revenue by tariff component. The data is then captured in the LC2017.xls on a monthly basis and is summated in worksheet Year to date.	The tariff codes listed below are incorporated in JEN's approved annual tariffs which are published by the AER. DOPED0501: Comprises of peak energy, off peak energy and shoulder energy for A100 to A180 tariff codes. DOPED502: Comprises of peak energy, off peak energy for A200, A210 and A250 tariff codes. DOPED503: Comprises of peak energy, off peak energy for A230, A250, and A300 to A37R tariff codes. DOPED504: Comprises of peak energy, off peak energy for A400 to A50E tariff codes. DOPED505: Comprises of peak energy and off peak energy for A290 tariff code.

Estimated information

No estimated information is provided.

3.4.2 CUSTOMER NUMBERS

Actual information

Variable	Source and why actual	Methodology	Assumptions
DOPCN0101 - DOPCN0104	JEN's SAP ISU system is the source of actual data for network customer numbers. The above systems do not split customer numbers by tariff types. Customer accounts by tariff type are based on the billing system (SAP ISU) which does not include unmetered customers	JEN PR 0017 is the procedure to extract distribution customer numbers for the whole network as defined in the RIN definition of Distribution customers – all active NMIs including unmetered supply points; disconnected and abolished NMI are excluded. The percentage split of customers by tariff type is provided by Pricing Strategy based on information from the billing system. The percentage split is then applied to the total network customers to calculate customer numbers by tariff type.	No assumptions have been made.
DOPCN0105	JEN's SAP ISU system is the source of actual data for customer numbers.	The data is extracted from SAP ISU by running a system query.	No assumptions have been made.
DOPCN0106	Jemena does not have any customers which fit into the "Other Customer Numbers" category and is therefore entered as zero.		
DOPCN0202 - DOPCN0203	JEN's SAP ISU system is the source of actual data for customer numbers. The definition of urban and rural short feeders has been used to determine the categorisation of each feeder and adjusted based on the nature of use of the feeder.	JEN PR 0017 is the procedure to extract distribution customer numbers for the whole network as defined in the RIN definition of Distribution customers – all active NMIs including unmetered supply points; disconnected and abolished NMI are excluded.	No assumptions have been made in providing this information.

Variable	Source and why actual	Methodology	Assumptions
	<p>Urban and rural short feeder customer numbers are extracted from the network model which is generated by the Geographic Information System.</p> <p>Although the total number of customers from the GIS network model does not exactly match the total network customer numbers extracted from SAP ISU systems, the discrepancy is only 0.39% and is not material. Therefore the calculated urban and rural short customer numbers are considered as Actual</p>	<p>Customer numbers by feeder is extracted directly from the network model built in OMS at the first business day of each month.</p> <p>Customers at the start of the period = customer numbers at the first business day of January in the current reporting year and Customers at the end of the period = customer numbers at the first business day of January in the following reporting year.</p> <p>The definition of urban and rural short feeders has been used to determine the categorisation of each feeder and adjusted based on the nature of use of the feeder at the end of the year</p> <p>JEN PR 0502 Section 3.2.3.1 outlines the methodology that JEN has applied to calculate urban and rural customer numbers which basically derives the urban/rural short customer split ratio from the categorised feeder customer numbers at the start of the period and at the end of the period.</p> <p>The ratios are then applied to the actual network customer numbers respectively to calculate the number of urban and rural short customers.</p>	
DOPCN0201 and DOPCN0204	JEN has no customers of these types on its network and is therefore entered as zero.	N/A	N/A
DOPCN0301 to DOPCN0303	TasNetworks (D) only, not applicable for JEN	N/A	N/A

Estimated information

No estimated information is provided.

3.4.3 SYSTEM DEMAND

Actual information

Variable	Source and why actual	Methodology	Assumptions
DOPSD0101	<p>JEN considers this information is actual as it can be directly drawn from the internal business records.</p> <p>The information is obtained from SCADA metering data. Throughout the JEN network there is a significant number of measurements (voltage and current), predominantly at JEN zone sub-stations, being provided to the Real Time Systems. All historical SCADA data (2008 onwards) can be interrogated using PI (user interface developed by OSIsoft)</p> <p>JEN has referred to the following report to obtain the data.</p> <p>JEN maximum demand forecast excel spread sheet 2017.</p> <p>Note: The PI System is a proprietary software developed by OSIsoft for the management of real-time data and events. JEN uses this software to store (and retrieve) real-time meter data, in which the real-time meter data comes from the field via the SCADA system.</p>	<p>This is derived from metered actual zone substation data, adjusted for abnormal changes—un-anticipated temporary load changes due to transfers, interruption caused for network contingencies—but excludes any embedded generation.</p> $MD = \sum_{1}^{n} MD_{ZSSn}$ <p>Where</p> <p>MD = non-coincident summed raw unadjusted annual maximum demand at ZSS level (MW)</p> <p>n = number of JEN zone substations</p> <p>MD_{ZSSn} = non-coincident raw unadjusted annual maximum demand at ZSS n (Mega Watts (MW))</p>	<p>The data includes JEN owned zone substations only (i.e. it does not include the customer substation and other DNSP owned zone substations).</p>
DOPSD0104	<p>JEN considers this information is actual as it can be directly drawn from the internal business records.</p>	<p>The coincident maximum demand data for each zone substation is extracted from PI at the time of coincident system peak demand at the transmission network connection points and provided the summation.</p>	<p>JEN assumed that the summation of actual raw demands for the zone substation is the greatest at the time of coincident peak system demand.</p>

Variable	Source and why actual	Methodology	Assumptions
	<p>The source of actual information is PI system which stores the historical SCADA metering data.</p> <p>JEN has referred to the following report to obtain the data.</p> <p>JEN Load Demand Forecasts 2017 Model.</p>	$MD = \sum_1^n MD_{ZSSnt}$ <p>Where</p> <p><i>MD</i> = coincident summated raw system annual maximum demand at Zone Substation level (MW)</p> <p><i>n</i> = number of JEN Zone Substations</p> <p><i>t</i> = time of system coincident maximum demand as determined at the transmission connection point level.</p> <p><i>MD_{ZSSnt}</i> = coincident raw unadjusted annual maximum demand at Zone Substation <i>n</i> (MW) at time <i>t</i>.</p>	<p>Time of system coincident maximum demand is recorded in average 15 minute intervals using wholesale market meters. It is assumed that the difference in demand between the 15 minute interval and the precise time of the MD is negligible.</p>
DOPSD0107	<p>JEN considers this information is actual as it can be directly drawn from wholesale market meter data.</p>	<p>This is derived from metered actual (transmission network connection point 15 min- data excluding any embedded generation adjustment.</p> $MD = \sum_1^n MD_{TCPn}$ <p>Where</p> <p><i>MD</i> = non-coincident summed raw system annual maximum demand at Transmission Connection Point level (MW)</p> <p><i>n</i> = number of JEN Transmission Connection Points</p> <p><i>MD_{TCPn}</i> = non-coincident raw unadjusted annual maximum demand at Transmission Connection Point <i>n</i> (MW)</p>	<p>This includes JEN load flowing on JEN's subtransmission network only. E.g. Thomastown zone substation (TT) station load is excluded as TT load is supplied by non-JEN subtransmission lines.</p>

Variable	Source and why actual	Methodology	Assumptions
DOPSD0110	JEN considers this information is actual as it can be directly drawn from wholesale market meter data.	<p>Time of system coincident maximum demand is recorded in average 15 minute intervals using wholesale market meters. This is the actual, unadjusted (i.e. not weather normalised) summation of actual raw demands for the transmission connection points at the time when this summation is greatest. The Maximum Demand (MD) does not include Embedded Generation.</p> $MD = \sum_1^n MD_{TCPnt}$ <p>Where</p> <p><i>MD</i> = coincident summed raw system annual maximum demand at Transmission Connection Point level (MW)</p> <p><i>n</i> = number of JEN Transmission Connection Points</p> <p><i>t</i> = time of system coincident maximum demand as determined at the transmission connection point level.</p> <p><i>MD_{TCPnt}</i> = coincident raw unadjusted annual maximum demand at Transmission Connection Point <i>n</i> (MW) at time <i>t</i></p>	This includes JEN load flowing on JEN subtransmission network only. E.g. TT station load is excluded as TT load is supplied by non-JEN subtransmission lines.
DOPSD0201	<p>JEN considers this information is actual as it is calculated from actual metered MW MD and MVAR drawn from the internal business records.</p> <p>The source of actual information is PI system which stores the historical SCADA metering data.</p>	<p>The MVA MD is calculated from MW MD and MVAR at the time of MW MD. Therefore, MVA MD is the same date and time as MW MD.</p> $MD = \sum_1^n MD_{ZSSn}$ <p>Where</p> <p><i>MD</i> = non-coincident summated raw system annual maximum demand at Zone Substation level (MVA)</p> <p><i>n</i> = number of JEN Zone Substations</p>	<p>The MVAR comes after the application of power factor correction measures at zone substation (e.g. capacitor bank), where applicable.</p> <p>The data includes JEN owned zone substations only (i.e. it does not include customer substations and other DNSP owned zone substations).</p>

Variable	Source and why actual	Methodology	Assumptions
		<p>MD_{ZSSn} = non-coincident raw unadjusted annual maximum demand at Zone Substation n (MVA)</p> <p>The MVA MD is calculated from MW MD and MVAr via the Pythagorean Theorem:</p> $MVA = \sqrt{(MW^2 + MVAr^2)}$ <p>The source of MW and MVAr information is PI system and JEN maximum demand forecast excel spread sheet model 2017.</p>	
DOPSD0204	<p>JEN considers this information is actual as it is calculated from actual metered MW MD and MVAr drawn from the internal business records.</p> <p>The source of actual information is PI system which stores the historical SCADA metering data.</p>	<p>The zone substation MW MD and MVAr from PI at the time of system peak are utilised to estimate the data as per the definition of this variable.</p> <p>The MVA MD is calculated from MW MD and MVAr at the time of MW MD. Therefore, MVA MD is the same date and time as MW MD.</p> $MD = \sum_1^n MD_{ZSSnt}$ <p>Where</p> <p>MD = coincident summed raw system annual maximum demand at ZSS level (MVA)</p> <p>n = number of JEN zone substations</p> <p>t = time of system coincident maximum demand at transmission connection point level</p> <p>MD_{ZSSnt} = coincident raw annual maximum demand at ZSS n (MVA) at time t</p>	<p>JEN assumed that the summation of actual raw demands for the zone substation is the greatest at the time of coincident peak system demand.</p> <p>Time of system coincident maximum demand is recorded in average 15 minute intervals using wholesale market meters. It is assumed that the difference in demand between the 15 minute interval and the precise time of the MD is negligible.</p>

Variable	Source and why actual	Methodology	Assumptions
		<p>The MVA MD is calculated from MW MD and MVA_r via the Pythagorean Theorem:</p> $MVA = \sqrt{(MW^2 + MVA_r^2)}$	
DOPSD0207	<p>JEN considers this information is actual as it is calculated from actual metered MW MD and MVA_r drawn from the internal business records.</p> <p>Wholesale market meter data and JEN maximum demand forecast excel spread sheet model 2017 are the sources of actual data.</p>	<p>The MVA MD is calculated from metered actual (transmission connection point 15 min- data) MW MD and MVA_r at the time of MW MD. Therefore, MVA MD is the same date and time as MW MD.</p> $MD = \sum_1^n MD_{TCPn}$ <p>Where</p> <p><i>MD</i> = non-coincident summed raw system annual maximum demand at Transmission Connection Point level (MVA)</p> <p><i>n</i> = number of JEN Transmission Connection Points</p> <p><i>MD_{TCPn}</i> = non-coincident raw unadjusted annual maximum demand at Transmission Connection Point n (MVA)</p> <p>The MVA MD is calculated from MW MD and MVA_r via the Pythagorean Theorem:</p> $MVA = \sqrt{(MW^2 + MVA_r^2)}$ <p>Wholesale market meter data and JEN maximum demand forecast excel spread sheet model are the sources of MW and MVA_r data.</p>	<p>Time of system coincident maximum demand is recorded in average 15 minute intervals using wholesale market meters. It is assumed that the difference in demand between the 15 minute interval and the precise time of the MD is negligible.</p> <p>MVA MD is assumed to occur at the same date and time as MW MD</p>
DOPSD0210	JEN considers this information is actual as it is calculated from actual metered MW MD and	MW MD is derived by summation of metered actual raw demands for the transmission connection points	Time of system coincident maximum demand is recorded in average 15 minute intervals using

Variable	Source and why actual	Methodology	Assumptions
	<p>MVA_r drawn from the internal business records.</p> <p>Wholesale market meter data and JEN maximum demand forecast excel spread sheet model 2017 are the sources of actual data.</p>	<p>(terminal station average 15-min data) at the time when this summation is greatest.</p> <p>The MVA MD is calculated from metered actual of MW MD and MVA_r at the time of MW MD therefore MVA MD is the same date and time as MW MD.</p> $MD = \sum_{1}^n MD_{TCPnt}$ <p>Where</p> <p><i>MD</i> = coincident summated raw system annual maximum demand at Transmission Connection Point level (MVA)</p> <p><i>n</i> = number of JEN transmission connection points</p> <p><i>t</i> = time of system coincident maximum demand as determined at the transmission connection point level.</p> <p><i>MD_{TCPnt}</i> = coincident raw unadjusted annual maximum demand at Transmission Connection Point <i>n</i> (MVA) at time <i>t</i></p> <p>The MVA MD is calculated from MW MD and MVA_r via the Pythagorean Theorem:</p> $MVA = \sqrt{(MW^2 + MVA_r^2)}$ <p>Wholesale market meter data and JEN maximum demand forecast excel spread sheet model are the sources of MW and MVA_r data.</p>	<p>wholesale market meters. It is assumed that the difference in demand between the 15 minute interval and the precise time of the MD is negligible.</p> <p>MVA MD is assumed to occur at the same date and time as MW MD.</p>
DOPSD0102, DOPSD0103, DOPSD0105, DOPSD0106, DOPSD0108,	<p>These particular variables are derived from other records used in ordinary course of business, and are categorised as actual information on the basis that they are materially dependent on information recorded in JEN's</p>	<p>Coincident/Non-coincident summated weather adjusted MW MD at zone substation level / transmission connection point are derived by summation of respective weather adjusted MW MDs of individual zone substation / transmission connection point</p>	<p>It is assumed that the 10% POE and 50% POE average daily temperatures and MD temperature sensitivity relationship is consistent for 2017.</p>

Variable	Source and why actual	Methodology	Assumptions
<p>DOPSD0109, DOPSD0111, DOPSD0112, DOPSD0202, DOPSD0203, DOPSD0205, DOPSD0206, DOPSD0208, DOPSD0209, DOPSD0211, DOPSD0212,</p>	<p>business records and their presentation for the purposes of the Notice is not contingent on judgement and assumptions for which there are valid alternatives which could lead to a materially different presentation in the response to the Notice.</p> <p>These variables include a temperature sensitivity assumption in order to provide weather corrected data. To derive this method, we used a recorded sample of actual historical weather and demand data to determine the temperature sensitivity relationship.</p> <p>The data source of actual weather unadjusted MW and MVAR for transmission connection points is Wholesale market meter data.</p> <p>The data source of actual weather unadjusted MW and MVAR for JEN zone substations is the PI system.</p>	$\text{Weather adjusted MW MD} = \sum_1^n MD_b$ <p>Where:</p> <p>n = number of JEN transmission connection points/JEN owned zone substations</p> $MD_b = MD_a \times \frac{A \cdot t_b^2 + B \cdot t_b + C}{A \cdot t_a^2 + B \cdot t_a + C}$ <p>A, B, C = coefficients determined based on historical data for each station. These values are as recorded in the load demand forecast.</p> <p>MD_b = MW MD after temperature adjustment</p> <p>MD_a = actual unadjusted MW MD</p> <p>t_b = average daily temperature to adjust to (32.9°C for 10% POE or 29.4°C for 50% POE)</p> <p>t_a = average daily temperature on day of actual unadjusted MW MD</p> <p>Average daily temperature is calculated as follows:</p> $t = \frac{(t_{max} - t_{min})}{2}$ <p>Where:</p> <p>t = average daily temperature</p> <p>t_{max} = maximum temperature of the day (24 hour period) (data sourced from PI)</p> <p>t_{min} = minimum temperature of the day (24 hour period) (data sourced from PI)</p>	

Variable	Source and why actual	Methodology	Assumptions
		<p>Weather corrected values are assumed to have the same MW/MVA ratio as raw adjusted data. Therefore weather corrected MVA is calculated as:</p> $MVA_{\text{adjusted}} = \frac{MVA_{\text{raw}}}{MW_{\text{raw}}} \times MW_{\text{adjusted}}$	
DOPSD0301	<p>JEN considers this information is actual as it is calculated from actual metered MW MD and MVA_r drawn from the internal business records.</p> <p>Wholesale market meter data is the sources of actual MW and MVA_r data.</p>	<p>As per the Economic Benchmarking RIN definition of power factor</p> $\text{The average overall network power factor} = \frac{\sum_{x=1}^{x=n} MW_x}{\sum_{x=1}^{x=n} MVA_x}$ <p>MW_x = Sum of MW measured in every 15 minute average interval by wholesale market meters in JEN sub transmission connection points</p> <p>MVA_x = Sum of MVA calculated from MW_x and corresponding MVA_r measured in every 15 minute average interval by wholesale market meters in JEN sub transmission connection points</p>	None.
DOPSD0311	<p>JEN considers this information is actual as it is calculated from actual metered MW MD and MVA_r drawn from the internal business records.</p> <p>Wholesale market meter data is the sources of actual MW and MVA_r data.</p>	<p>As per the Economic Benchmarking RIN the definition of power factor</p> $\text{The average overall network power factor} = \frac{\sum_{x=1}^{x=n} MW_x}{\sum_{x=1}^{x=n} MVA_x}$ <p>MW_x = Sum of MW measured in every 15 minute average interval by wholesale market meters in JEN 66kV sub transmission connection points</p> <p>MVA_x = Sum of MVA calculated from MW_x and corresponding average MVA_r measured in every 15</p>	The data for this variable is different from DOPSD0301 as DOPSD0301 includes both 66kV and 22kV sub transmission connection points.

Variable	Source and why actual	Methodology	Assumptions
		minute average interval by wholesale market meters in JEN 66kVsub transmission connection points	
DOPSD0304, DOPSD0306, DOPSD0308	<p>These particular variables are derived from other records used in ordinary course of business, and so they are categorised as actual information on the basis that they are materially dependent on information recorded in JEN's business records and their presentation for the purposes of the Notice are not contingent on judgement and assumptions for which there are valid alternatives which could lead to a materially different presentation in the response to the Notice.</p> <p>These variables include assumptions of nominal voltage (ie. 6.6kV, 11kV and 22kV) rather than actual measured voltage at each zone substation every 15 minutes. We consider these voltages to be a reasonable proxy for actual voltage. This assumption is based on the fact that on average, JEN's historical actual voltage is regulated/targeted to equal the nominal voltage value.</p> <p>The data source for JEN zone substation average MW and average feeders MVA is PI system.</p>	<p>As per RIN requirement the Total MW and MVA are calculated as below.</p> $\text{Total MVA} = \sum_{x=t1}^{tn} a_x + \dots \sum_{x=t1}^{tn} n_x$ <p>Where t1 ... tn are 15 minute time intervals from 1 January to 31 December. The feeder currents are recorded in every 15 minute interval in OSI PI.</p> <p>$a_x \dots n_x$ = Feeder MVA at time interval $x = \sqrt{3} \times$ nominal voltage of the feeder \times Feeder current at time interval</p> $\text{Total MW} = \sum_{x=t1}^{tn} A_x + \dots \sum_{x=t1}^{tn} N_x$ <p>Where, $A_x \dots N_x$ = Feeder MW at time interval x</p> $\text{Average power factor} = \frac{\text{Total MW}}{\text{Total MVA}} = \frac{\sum_{x=t1}^{tn} a_x + \dots \sum_{x=t1}^{tn} n_x}{\sum_{x=t1}^{tn} A_x + \dots \sum_{x=t1}^{tn} N_x}$ <p>Since only the historical interval data for zone substation MW and Feeder currents are available, the above equation is simplified as below by dividing the numerator and denominator by the number of time intervals</p>	The data provided excludes customer substations and other DNSP owned zone substations for HV feeders

Variable	Source and why actual	Methodology	Assumptions
		<p>Average power factor = $\frac{\text{Total MW}}{\text{Total MVA}} = \frac{\text{Average MW of zone substation 1} + \dots + \text{Average MW of zone substation N}}{\text{Average MVA of Feeder 1} + \dots + \text{Average MVA of feeder N}}$</p> <p>The zone substations and the feeders in above equation are at same voltage level</p>	
DOPSD0303, DOPSD0305, DOPSD0307, DOPSD0309, DOPSD0310, DOPSD0312, DOPSD0313, DOPSD0314	These variables are not applicable to JEN as JEN does not have any lines with these voltage levels.		
DOPSD0401- DOPSD0402	The data is sourced from JEN's two billing systems, SAP ERP and SAP ISU. JEN therefore considers the information to be actual information. The data is then captured in the LC2017.xls on a monthly basis and is summed in worksheet Year to date.	The data is obtained from JEN's billing systems where a monthly report is produced from each billing system to record quantities and revenue by tariff component. The data is then captured in the LC2017.xls on a monthly basis and is summed in worksheet Year to date.	None.
DOPSD0403- DOPSD0404	The data is sourced from JEN's two billing systems, SAP ERP and SAP ISU. JEN therefore considers the information to be actual information. The data is then captured in the LC2017.xls on a monthly basis and is summed in worksheet Year to date.	The data is obtained from JEN's billing systems where a monthly report is produced from each billing system to record quantities and revenue by tariff component. The data is then captured in the LC2017.xls on a monthly basis and is summed in worksheet Year to date.	None

Estimated information

Variable	Why estimate, not actual	Basis for estimate	Assumptions	Why best estimate
DOPSD0302	The variable is estimated due to the assumptions made and that it could not be directly drawn from JEN's internal business records.	<p>MW and MVA data measured during 2017 for 9 distribution substations (3 commercial, 3 industrial and 3 domestic loads) are utilised to estimate this variable.</p> <p>The data were captured via power quality meters in every 1 minute interval for around 7 days in each substation.</p> <p>The power quality meters were installed at different dates and time.</p> <p>The average power factor for the LV network</p> $= \frac{\sum_{x=1}^n MW_x}{\sum_{x=1}^n MVA_x}$ <p>MW_x = MW measured in every 1 minute for a week in substation x.</p> <p>MVA_x = MVA measured in every intervals as MW measured in substation x</p>	<p>In the normal course of business JEN does not record power factor of each individual LV lines.</p> <p>It is assumed that the average power factor of this sample of 9 distribution substations (3 domestic, 3 commercial and 3 industrial loads) gives a fair estimate of LV power factor.</p>	This approach is the most reasonable given the availability of data. JEN is not aware of a superior technique, given the data availability constraints.

3.5 PHYSICAL ASSETS

3.5.1 NETWORK CAPACITIES

Actual information

Variable	Source and why actual	Methodology	Assumptions
DPA0101, DPA0103, DPA0105, DPA0107 & DPA0110	<p>JEN's GIS is the single source of actual data for network length. The GIS system is designed for the management of complex utility or telecommunications networks. JEN uses this software to capture and store its distribution assets for the management of its network.</p> <p>The data is extracted directly from the GIS.</p> <p>The GIS is a live model of the network and represents the network at the current point in time. This means that a snap shot of the GIS network model or data is not made at the end of each year. Therefore it is not possible to report the length of overhead conductors historically. The network length has however been routinely reported from the GIS at the end of each year and we have referred to these reports.</p>	<p>The GIS is the single source of the network connectivity model. The overhead conductors have the voltage and length as attributes and therefore we are able to allocate the conductors into the required categories. The actual data was obtained by running a report directly from GIS at the end of each individual year.</p> <p>22kV subtransmission conductor has been included in the Overhead 22kV categorisation.</p>	<p>No assumptions have been made in providing this information.</p>

Variable	Source and why actual	Methodology	Assumptions
DPA0102, DPA0104, DPA0106, DPA0108, DPA0109, DPA0111, DPA0112, DPA0113 & DPA0114	JEN does not have any of these specified ratings, therefore no data can be provided.	n/a	n/a
DPA0201, DPA0203, DPA0205, DPA0207 & DPA0209	JEN's GIS is the single source of actual data for network length. The data is extracted directly from the GIS. The GIS is a live model of the network and represents the network at the current point in time. This means that a snap shot of the GIS network model or data is not made at the end of each year. Therefore it is not possible to report the length of underground cables historically. The network length has however been routinely reported from the GIS at the end of each year and we have referred to these reports.	The GIS is the single source of the network connectivity model. The underground cables have the voltage and length as attributes and therefore we are able to allocate the cables into the required categories. The actual data was obtained by running a report directly from GIS at the end of each individual year. 22kV subtransmission cable has been included in the Underground 22kV categorisation.	No assumptions have been made in providing this information.
DPA0202, DPA0204, DPA0206, DPA0208, DPA0210, DPA0211 & DPA0212	JEN does not have any of these specified ratings, therefore no data can be provided.	n/a	n/a

Variable	Source and why actual	Methodology	Assumptions
DPA0301	<p>This particular variable is derived from other records used in ordinary course of business. It is categorised as actual information on the basis that it is materially dependent on information recorded in JEN's business records and its presentation for the purposes of the Notice is not contingent on judgement and assumptions for which there are valid alternatives which could lead to a materially different presentation in the response to the Notice.</p> <p>JEN's GIS is the source of actual data for length, size and type of conductor.</p> <p>This variable is dependent upon assumptions that actual capacity is equal to the design standard of each type of conductor. These design standards are recorded and provided by JEN's conductor manufacturers.</p>	<p><i>Weighted average Capacity of LV OH line in year X</i></p> $= \frac{\sum_1^n (s_n l_n)}{\sum_1^n (l_n)}$ <p>Where:</p> <p>n = number of sections of LV conductor in service on JEN network</p> <p>s_n = MVA rating of section n of LV OH conductor</p> <p>l_n = length of section n of LV OH conductor.</p>	<p>As per the size and type of conductor recorded in GIS, the ratings of overhead conductors are obtained from historical construction and design manuals used by JEN/its predecessors and current standards.</p> <p>If the conductor type and size are unknown in GIS records, those sections are not included in the calculation.</p> <p>As JEN is summer peaking network, the summer ratings of overhead line have been utilised to calculate the MVA capacity.</p> <p>The data provided covers 62% of total length (as of 31/12/2017) of OH LV recorded in GIS. It is assumed that this sample is a fair representation of the population of JEN's LV overhead conductors.</p> <p>Service lines are not included in the calculation.</p>

Variable	Source and why actual	Methodology	Assumptions
DPA0302, DPA0304, DPA0306	<p>These particular variables are drawn from other records used in ordinary course of business. They are categorised as actual information on the basis that they are materially dependent on information recorded in JEN's business records and their presentation for the purposes of the Notice are not contingent on judgement and assumptions which could lead to a materially different presentation in the response to the Notice.</p> <p>JEN's GIS is the source for length, size and type of conductor.</p> <p>These variables are dependent upon assumptions that actual capacity is equal to the design standard of each type of conductor. These design standards are recorded and provided by JEN's conductor manufacturers.</p>	<p><i>Weighted average Capacity of HV OH line</i></p> $= \frac{\sum_1^n (s_n l_n)}{\sum_1^n (l_n)}$ <p>Where:</p> <p>n = number of sections of HV conductor in service on JEN network</p> <p>s_n = MVA rating of section n of HV OH conductor</p> <p>l_n = length of section n of HV OH conductor</p>	<p>As per the size and type of conductor recorded in GIS, the ratings of overhead conductors are obtained from historical construction and design manuals used by JEN/ its predecessors and current standards.</p> <p>If the conductor type and size are unknown in GIS records, those sections are not included in the calculations. The data provided covers 99% of total length (as of 31/12/2017) of OH HV recorded in GIS. It is assumed that this sample is a fair representation of the population of HV OH conductors on the JEN.</p> <p>Conductor ratings in manuals/standards are given in Amps, therefore nominal voltage of the line is used to convert to MVA.</p> <p>Variable DPA0306 also includes the data for 22kV OH sub transmission.</p> <p>As JEN is summer peaking network, the summer ratings of OH conductors have been utilised to calculate the MVA capacity.</p>

Variable	Source and why actual	Methodology	Assumptions
DPA0309	<p>This particular variable is derived from other records used in the ordinary course of business. It is categorised as actual information on the basis that it is materially dependent on information recorded in JEN's business records and its presentation for the purposes of the Notice is not contingent on judgement and assumptions which could lead to a materially different presentation in the response to the Notice.</p> <p>Line Circuit Data Sheets (CDS) are the source for length and ratings of the 66kV line sections. A CDS is an AutoCAD drawing that is used to capture and store the engineering data (such as circuit length, ratings, conductors spacing, and line impedances) for the sub-transmission network.</p> <p>This variable is dependent upon assumptions that actual capacity is equal to the design standard of each type of conductor. These design standards are recorded and provided by JEN's conductor manufacturers.</p> <p>Note:</p>	<p><i>Weighted average Capacity of 66kV subtransmission</i></p> $OH\ line = \frac{\sum_1^n (s_n l_n)}{\sum_1^n (l_n)}$ <p>Where:</p> <p>n = number of sections of 66kV overhead conductor in service on JEN network</p> <p>s_n = Summer MVA rating of section n of 66kV OH conductor l_n = length of section n of the 66kV OH conductor</p>	<p>Only JEN owned 66kV subtransmission lines are included in the calculation.</p> <p>As JEN is summer peaking network, the summer ratings of OH conductors have been utilised to calculate the MVA capacity.</p>
DPA0303, DPA0305, DPA0307, DPA0308, DPA0310, DPA0311, DPA0312, DPA0313	These variables are not applicable to JEN because JEN does not have any lines with these voltage levels.		

Variable	Source and why actual	Methodology	Assumptions
DPA0401	<p>This particular variable is derived from other records used in ordinary course of business. It is categorised as actual information on the basis that it is materially dependent on information recorded in JEN's business records and its presentation for the purposes of the Notice is not contingent on judgement and assumptions for which there are valid alternatives which could lead to a materially different presentation in the response to the Notice.</p> <p>JEN's GIS is the source for underground cable length, size and construction type.</p> <p>This variable is dependent upon assumptions that actual capacity is equal to the design standard of each type of conductor. These design standards are recorded and provided by JEN's conductor manufacturers.</p>	<p><i>Weighted average Capacity of LV UG line</i></p> $= \frac{\sum_1^n (s_n l_n)}{\sum_1^n (l_n)}$ <p>Where:</p> <p>n = number of sections of LV cable existing on JEN network</p> <p>s_n = MVA rating of section n of LVUG cable</p> <p>l_n = length of section n of LV UG cable</p>	<p>For the ratings of LV Underground (UG) cables, current and historical construction and design manuals used by JEN/its predecessors and current standards have been used.</p> <p>Ratings are based on standard design depth, temperature, proximity to other cables etc and do not allow for any variations from this which may exist in the field. This is due to the absence of this data in GIS.</p> <p>The unknown type and size of cables are not included in the calculations. The data provided covers almost 86% of total length (as at 31/12/2017) of LV UG recorded in GIS. It is assumed that this sample is a fair representation of the population of LV UG cables on the JEN.</p> <p>Underground service cables are not included in the calculation.</p>

Variable	Source and why actual	Methodology	Assumptions
DPA0403, DPA0405, DPA0408	<p>These particular variables are derived from other records used in ordinary course of business, they are categorised as actual information on the basis that they are materially dependent on information recorded in JEN's business records and their presentation for the purposes of the Notice are not contingent on judgement and assumptions for which there are valid alternatives which could lead to a materially different presentation in the response to the Notice.</p> <p>JEN's GIS is the source for underground cable length, size and construction type.</p> <p>These variables are dependent upon assumptions that actual capacity is equal to the design standard of each type of conductor. These design standards are recorded and provided by JEN's conductor manufacturers.</p>	<p><i>Weighted average Capacity of HV UG line</i></p> $= \frac{\sum_1^n (s_n l_n)}{\sum_1^n (l_n)}$ <p>Where:</p> <p>n = number of sections of HV UG cable in service on JEN network</p> <p>s_n = MVA rating of section n of HV UG cable</p> <p>l_n = length of section n of HV UG cable</p>	<p>For the ratings of HV UG cables, current and historical construction and design manuals used by JEN/its predecessors and current standards have been used.</p> <p>Ratings are based on standard design depth, temperature, proximity to other cables etc and do not allow for any variations from this which may exist in the field. This is due to the absence of this data in GIS. Cable ratings in manuals/standards are provided in Amps, therefore nominal voltage of the line is used to convert to MVA.</p> <p>The unknown type and cross section of conductors are not included in the calculations. The data provided covers 98% of total length (as of 31/12/2017) of HV UG recorded in GIS. It is assumed that this sample is a fair representation of the population of HV UG cables on the JEN network.</p> <p>Variable DPA0408 also includes the data for 22kV UG subtransmission lines.</p>

Variable	Source and why actual	Methodology	Assumptions
DPA0410	<p>This particular variable is derived from other records used in ordinary course of business. It is categorised as actual information on the basis that it is materially dependent on information recorded in JEN's business records and its presentation for the purposes of the Notice is not contingent on judgement and assumptions for which there are valid alternatives which could lead to a materially different presentation in the response to the Notice.</p> <p>Line Circuit Data Sheets are the source for length and ratings of the 66kV underground cable sections. A CDS is an AutoCAD drawing that is used to capture and store the engineering data (such as circuit length, ratings, conductors spacing, and line impedances) for the sub-transmission network.</p> <p>This variable is dependent upon assumptions that actual capacity is equal to the design standard of each type of conductor. These design standards are recorded and provided by JEN's conductor manufacturers.</p>	<p><i>Weighted average Capacity of 66kV subtransmission</i></p> $UG\ line = \frac{\sum_1^n (s_n l_n)}{\sum_1^n (l_n)}$ <p>Where:</p> <p>n = number of sections of 66kV UG cable in service on JEN network.</p> <p>s_n = Summer MVA rating of section n of 66kV UG cable</p> <p>l_n = length of section n of the 66kV UG cable</p>	<p>Only JEN owned 66kV subtransmission lines are included in the calculation.</p>
DPA0402, DPA0404, DPA0406, DPA0407, DPA0409, DPA0411, DPA0412, DPA0413	<p>These variables are not applicable to JEN because JEN does not have any lines with these voltage levels.</p>		

Estimated information

No estimated information is provided.

3.5.2 TRANSFORMER CAPACITIES

Actual information

Variable	Source and why actual	Methodology	Assumptions
DPA0501	The information was sourced from GIS and is considered actual information as GIS is a direct source of actual information.	The distribution transformer capacity is a characteristic of each of the distribution transformers.	There are no assumptions.
DPA0502	<p>As per the AER RIN explanatory statement where this information is not available to the NSP, it is to report a summation of non-coincident individual maximum demands of each such directly connected customer whenever they occur (ie the summation of a single annual MD for each customer) as a proxy for capacity within the customer's installation. The variable should be the sum of the direct information where this is available and of the proxy MVA measure where the direct measure is not available.</p> <p>Although JEN does not currently record the distribution transformer capacity owned by high voltage customers, JEN considers the information provided to be actual as the proxy MVA measure can be directly extracted from SAP system.</p>	The maximum demand (MVA) for each HV customers is extracted from SAP. The data provided is the summation of actual MVA MD of individual HV customers.	The data provided does not include the sub transmission customers.

Variable	Source and why actual	Methodology	Assumptions
DPA0503	JEN considers this information to be actual information as it can be directly extracted from JEN SAP which has a specific flag as emergency stock.	This is the summation of JEN owned distribution transformers stored in JEN's warehouse as emergency stock.	JEN has applied the assumption that only the capacity that is held in emergency stock should be classified as cold spare capacity. Capacity that is held as stock which is reserved for construction projects has not been classified as cold spare capacity.
Table 3.5.2.3	JEN does not have Distribution other - transformer capacity. As all the capacity reported already covered all of JEN owned and all owned by HV Customer, this other - transformer capacity owned by utility is zero.	n/a	n/a
DPA0601, DPA0602	JEN does not have any two-step transformations and has therefore not provided information relating to these variables.		
DPA0603, DPA0604	JEN considers this information to be actual information as it can be directly drawn from JEN's Distribution Annual Planning Report (DAPR) 2017.	This is the summation of JEN owned zone substation transformer normal assigned continuous capacity ratings.	This does not include the customer substation and other DNSP owned zone substations supplying JEN customers. Not all capacities of zone substations are the nameplate ratings of the transformers. Some are de-rated due to limiting capacity of zone substation exit feeder capacity, some due to voltage drop limitation etc.
DPA0605	JEN considers this information to be actual information as it can be directly drawn from JEN's records.	As per the definition of this variable, the total transformer capacity of 47MVA is comprised of: 1). East Preston Switch House A (EP A) 13.5MVA 2). East Preston Switch House B (EP B) 13.5MVA	This does not include the customer substation and other DNSP owned zone substations supplying JEN customers.

Estimated information

There is no estimated information provided.

3.5.3 PUBLIC LIGHTING

Actual information

Variable	Source and why actual	Methodology	Assumptions
DPA0701	JEN's GIS is the single source of actual data for the public lighting inventory. The data is extracted directly from the GIS and is therefore considered to be actual information.	The GIS is the single source of the public lighting physical inventory, therefore JEN is able to count the number of luminaires. The actual data was obtained by running a report directly from GIS.	No assumptions have been made in providing this information.
DPA0702	JEN's GIS is the single source of actual data for the public lighting pole inventory. The data is extracted directly from the GIS and is therefore considered to be actual information.	The GIS is the single source of the public lighting pole physical inventory, therefore JEN is able to count the number of public lighting poles. The actual data was obtained by running a report directly from GIS.	In applying this methodology, it has been assumed that the pole installation and pole removal dates have been accurately recorded in GIS.

Estimated information

There is no estimated information provided.

3.6 QUALITY OF SERVICE

3.6.1 RELIABILITY

Actual information

Variable	Source and why actual	Methodology	Assumptions
DQS0101- DQS0108	<p>JEN considers this information to be actual information as it is maintained directly within its Outage Management System (OMS).</p> <p>JEN's OMS is the repository for all outage information, including outage dates and times, the number of customers affected, restoration dates and times and restoration stages.</p> <p>JEN's SAP ISU systems are the source of actual data for network customer numbers.</p>	<p>The data used to calculate the reliability variables (Key Performance Indicators (KPI)) is extracted from the OMS at the end of each month and is validated and cleansed to correct data errors.</p> <p>The cleansed data is loaded into the Customer Minutes Off Supply (CMOS) database. The reliability KPIs are then calculated.</p> <p>Unplanned SAIDI associated with outages greater than 1 minute duration was calculated using the following equations:</p> <p>DQS0101-0104 inclusive of MED</p> <p>DQS0101 = Total unplanned SAIDI = sum of Unplanned minutes off supply divided by average network customer numbers at the start and at the end of the regulatory year.</p> <p>DQS0102 = Unplanned SAIDI (excluding excluded outages) applies the same principle of calculation of total unplanned SAIDI with unplanned customer minutes off supply associated with the excluded events as per Clause in 3.3(a) in STPIS subtracted from the total unplanned minutes off supply before divided by average customer numbers.</p>	<p>No assumptions have been made in providing this information.</p>

Variable	Source and why actual	Methodology	Assumptions
		<p>Similarly,</p> <p>DQS0103 = Total Unplanned SAIFI = sum of Unplanned customer interruptions divided by average network customer numbers at the start and at the end of the regulatory year</p> <p>DQS0104 = Unplanned SAIFI (excluding excluded outages) applies the same principle of calculation of total unplanned SAIFI with unplanned customer interruptions associated with the excluded events as per Clause in 3.3(a) in STPIS subtracted from the total unplanned customer interruptions before divided by average customer numbers.</p> <p>DQS0105-0108 exclusive of MED</p> <p>DQS0105 = DQS0101 – Unplanned SAIDI (MED)</p> <p>DQS0106 = DQS0102 – Unplanned SAIDI (MED)</p> <p>DQS0107 = DQS0103 – Unplanned SAIFI (MED)</p> <p>DQS0108 = DQS0104 – Unplanned SAIFI (MED)</p> <p>where:</p> <p>Unplanned SAIDI (MED) = sum of Unplanned minutes off supply on Major Event Days as per Clause 3.3 (b) in STPIS divided by average customer numbers;</p> <p>Unplanned SAIFI (MED) = sum of Unplanned customer interruptions on Major Event Days as per Clause 3.3 (b) in STPIS divided by average customer numbers</p>	

Estimated information

No estimated information is provided.

3.6.2 ENERGY NOT SUPPLIED

Actual information

No actual information is provided.

Estimated information

Variable	Why estimate, not actual	Basis for estimate	Assumptions	Why best estimate
DQS0201- DQS0202	<p>JEN has estimated these variables because it is calculated and is not an actual, measured value.</p> <p>The energy not supplied has been routinely reported by JEN at the end of each year. JEN has referred to these reports to populate these variables.</p> <p>The feeder maximum demand, load factor, power factor and number of customers are calculated using data from JEN's core asset management systems.</p>	<p>The methodology that has been used is the fourth option, outlined on page 37 of "Economic benchmarking RIN for distribution network service providers – Instructions and Definitions (November 2013)". That is, JEN has used the average feeder demand derived from feeder maximum demand, estimated load factor and power factor, divided by the number of customers on the feeder.</p> <p>Unplanned energy not supplied is a function of unplanned customer-minutes- off-supply. As the RIN unplanned energy not supplied definition required the exclusion of excluded outages.</p>	<p>The planned energy not supplied has been consistently calculated with a factor of 0.3 since 1997. The assumption has considered that customers have been given notice 4 days before the outage, energy usage would just be diverted to times when supply is available and the actual energy not supplied would only be the base continuous consumption such as operating a fridge. The assumption and the adjustment factor was communicated to the Regulator (Office of the Regulator General (ORG)) before the 1997 annual report was submitted. There has been no instruction from the Regulator since indicating that the assumption should not be applied.</p> <p>JEN has used the average feeder demand derived from feeder maximum demand, estimated load factor and power factor divided by the number of customers on the feeder.</p>	<p>JEN has adopted the fourth estimation option for average customer demand because all inputs to calculate average customer demand on a feeder are readily available. Options 1 to 3 could not be used by JEN due to limitations of the IT system to merge the information from various sources.</p> <p>JEN is not aware of a superior estimation technique for these variables.</p>

3.6.3 SYSTEM LOSSES

Actual information

Variable	Source and why actual	Methodology	Assumptions
DQS03	<p>Wholesale market meter data, embedded generation data and cross boundary flow energy meter data are the sources for energy import and delivered data.</p> <p>System loss is based on actual energy imported and delivered data hence JEN considers this information as actual.</p> <p>This particular variable is derived from other records used in ordinary course of business. It is categorised as actual information on the basis that it is materially dependent on information recorded in JEN's business records and its presentation for the purposes of the Notice is not contingent on judgement and assumptions for which there are valid alternatives, which could lead to a materially different presentation in the response to the Notice.</p>	<p>The system loss is calculated as below as per the definition of the variable.</p> $\text{System losses} = \frac{\text{electricity imported (MWh)} - \text{electricity delivered (MWh)}}{\text{electricity imported (MWh)}} \times 100$ <p>Electricity imported is the total electricity inflow into JEN's distribution network (including from Embedded Generation) minus the total electricity outflow into the networks of the adjacent connected distribution network service providers or the transmission network(s).</p> <p>Electricity delivered is the amount of electricity transported out of JEN's network to its customers as metered (or otherwise calculated) at the customer's connection.</p> <p>As part of Distribution Loss Factor (DLF) submission to AER in March each year, JEN calculates the actual system loss for previous financial year which is certified by an independent consultant. Consistent with DLF reporting and Annual RIN, JEN has reported the system loss for CY 2017 as the actual for FY 2016/17.</p>	<p>No assumptions have been made in providing this information.</p>

Estimated information

No estimated information is provided.

3.6.4 CAPACITY UTILISATION

Actual information

Variable	Source and why actual	Methodology	Assumptions
DQS04	JEN considers this variable to be actual information as the data is calculated from the variable code DOPSD0201, which is zone substation raw actual maximum demand (MVA), and variable code DPA0604, which zone substation transformer MVA capacity. Both are sources of actual data and so the derived capacity utilisation should be considered actual information also.	<p>The overall utilisation for JEN owned zone substations is calculated each year by dividing the sum of non-coincident summated raw system maximum demand at the zone substation level by summation of zone substation thermal capacity.</p> $U_{ave} = \frac{MD_{ZSS}}{C_{ZSS}}$ <p>Where: U_{ave} = Overall utilisation of JEN owned zone substations MD = sum of non-coincident raw Maximum Demand (MVA) at the zone substation level (only JEN owned zone substations). This is equal to variable DOPSD0201. C_{ZSS} = summation of JEN owned zone substation thermal capacity. This is calculated as DPA0604 minus DPA0605.</p>	As per variable codes DOPSD0201 and DPA0604.

Estimated information

No estimated information is provided.

3.7 OPERATING ENVIRONMENT

3.7.1 DENSITY FACTORS

Actual information

Variable	Source and why actual	Methodology	Assumptions
DOEF0101	JEN considers this variable to be actual information as the data is calculated from the variable code DOEF0301, which is route line length, and variable code DOPCN01, which is total customer numbers—both are sources of actual data and so the derived customer density should be considered actual information and are directly reconcilable with JEN's internal business records.	The data is calculated by dividing the variable code DOPCN01, which is total customer numbers, by the variable code DOEF0301, which is the route line length.	No assumptions have been made in providing this information.
DOEF0102	JEN considers this variable to be actual information as the data is calculated from the variable code DOPED01, which is total energy delivered, and variable code DOPCN01, which is total customer numbers—both are sources of actual data and so the derived energy density should be considered actual information and are directly reconcilable with JEN's internal business records.	DOEF0102 is derived as follows: variable DOPED01 is converted to MWh and divided by variable DOPCN01. Formula: $(DOPED01 * 1000) / DOPCN01$	No assumptions have been made in providing this information.

Variable	Source and why actual	Methodology	Assumptions
DOEF0103	JEN considers this variable to be actual information as the data is calculated from the variable code DOPSD0201, which MVA non-coincident maximum demand at zone substation level, and variable code DOPCN01, which is total customer numbers—both are sources of actual data and so the derived demand density should be considered actual information and are directly reconcilable with JEN's internal business records.	<p>Calculated as per the definition of variable i.e. kVA non-coincident Maximum demand (at zone substation level)/ no of customers</p> $DF_x = \frac{MD_x}{C_x}$ <p>Where: DF_x = Density Factor for year x MD = non-coincident maximum demand at zone substation level (kVA) in year x as per variable code DOPSD0201 x 1000 C = total number of customers on JEN network in year x as per variable code DOPCN01</p>	No assumptions have been made in providing this information.

Estimated information

No estimated information is provided.

3.7.2 TERRAIN FACTORS

Actual information

Variable	Source and why actual	Methodology	Assumptions
DOEF0201	JEN's GIS is the single source of actual data for distribution asset inventory. The data is extracted from GIS and is therefore considered actual information.	A list of information relating to all HV lines is extracted from the GIS and reported in JEN's Annual RIN Appendix C Table 4a. The sum of the feeders defined as rural is then proportioned against the total network Line Length.	No assumptions have been made in providing this information.

Variable	Source and why actual	Methodology	Assumptions
DOEF0202 - DOEF0204 and DOEF0214	<p>Jemena's Geographical Information (GIS) is the single source of actual data for the span length. The data is extracted directly from the GIS at the end of 2017.</p> <p>The data extracted from GIS was provided with identifiers for two zone and two feeder categories.</p> <p>Spans maintained data is entered into GIS from field records captured in VMS.</p> <p>JEN considers these variables to be actual information as they can be directly drawn from JEN's internal business records.</p>	<p>A standard report is available in GIS, which when run, generates a list of all maintained spans and related span lengths which have been identified in the field as maintained for vegetation management purposes. This report also provides data to determine whether the feeder is in the rural or urban area and whether it is in a bushfire risk area as defined by the Country Fire Authority (CFA).</p>	<p>No assumptions have been made in providing this information.</p>
DOEF0205	<p>The source of the information is the JEN GIS. The data is collected in the field and entered into data collection devices and is then loaded into the GIS.</p> <p>Reports are run directly from the GIS. JEN thereby considers these variables to be actual information as they can be directly drawn from JEN's internal business records.</p>	<p>Jemena records the number of poles and does not record the number of spans.</p> <p>The total number of spans is the total number of poles less one.</p>	<p>The assumption has been made that all public lighting poles are to be included in the total pole number because there are public lighting poles that are serviced overhead as well as underground. The public lighting poles that are serviced underground also receive management to assess and clear vegetation from poles.</p>
DOEF0206 - DOEF0207	<p>The source of the information is the Jemena Electric Line Clearance Management Plan for 2016, which documents the actual vegetation maintenance span cycles applied to each of the specified areas.</p>	<p>The methodology that has been used is to determine the optimum cycle which is compliant with the Electricity Safety (Electric Line Clearance) Regulations 2015.</p>	<p>Jemena's Electric Line Clearance Management Plan specifies the cycle times for CFA fire rated areas. For variable DOEF0206 it is assumed that all sections of urban and CBD feeders are within the Low Bushfire Risk Area (LBRA) and all sections of rural feeders are within the Hazardous Bushfire Risk Area (HBRA).</p>

Variable	Source and why actual	Methodology	Assumptions
DOEF0208 & DOEF0209	JEN considers this variable to be actual information as the average number of trees per vegetation maintenance span is extracted from process data captured in the VMS and GIS. All information can be directly verified via the VMS and GIS.	Average number of trees was obtained from the VMS and GIS.	No assumptions have been made in providing this information.
DOEF0210, DOEF0211	JEN considers this variable to be actual information as the average number of defects per vegetation maintenance span is extracted from process data captured in the VMS. All information can be directly verified via VMS.	The average number of defects is calculated by dividing the number of defects (action spans) with total number of spans at the end of each calendar year. JEN refers to this average as the “find rate” for a given year.	A “defect” is defined as any span which requires cutting (pruning or removal) in the year in question and is known as an “action span” in the VMS.
DOEF0212	JEN considers this variable to be actual information as Victoria has no tropical areas.	Not applicable	No assumptions have been made in providing this information.
DOEF0213	The source of the information is the JEN GIS. The data is collected in the field and entered into data collection devices and is then loaded into the GIS. Reports are run directly from the GIS. JEN thereby considers these variables to be actual information as they can be directly drawn from JEN’s internal business records.	A standard report is available in GIS, which when run, generates a list of all poles and related span lengths which have been identified in the filed as accessible by a standard vehicle or not accessible by a standard vehicle. This report includes a summation indicating the total network length for poles accessible by a standard vehicle.	No assumptions have been made in providing this information.

3.7.3 SERVICE AREA FACTORS

Actual information

Variable	Source and why actual	Methodology	Assumptions
DOEF0301	JEN considers this variable to be actual information as the information was sourced from GIS.	<p>An application in GIS is used to determine the route line length at the end of 2017.</p> <p>The number provided here includes the route line length of the JEN above ground and underground network. Same as for the overhead lines an application in GIS is used to extract the route length of underground cables.</p> <p>For overhead conductor the application looks for multiple lines between poles and only counts this distance once.</p> <p>For underground cables, each cable is divided into 1m lengths and if a 1m segment from another cable is within 3m of any other segment then only one segment is counted.</p>	Service lines are not included.

Estimated information

No estimated information is provided.

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