AusNet Electricity Services Pty Ltd

AER Annual Regulatory Accounts
2017 Regulatory Year Basis of Preparation

Basis of Preparation

2017 Regulatory Year

Overview

This Basis of Preparation document supports the preparation and reporting of the 2017 Regulatory Year data presented in AusNet Electricity Services Pty Limited's ("AusNet Electricity Services" or "the Company") reports entitled 'Regulatory Accounting Statements – Consolidated' and 'Regulatory Accounting Statements – Public' ("the Reports" or "Regulatory Accounts").

The Reports have been prepared in accordance with the 'Regulatory Information Notice issued under section Division 4 of Part 3 of the *National Electricity (Victoria) Law'* ("RIN") issued by the Australian Energy Regulator ("AER") on 3 February 2016.

AusNet Electricity Services' 2017 Regulatory Year is the period 1 January 2017 to 31 December 2017 ("Regulatory Year"). Data included in the Reports has been provided for the 2017 Regulatory Year. All financial data is presented in whole Australian dollars, unless otherwise stated in the template. Non-financial data is stated as per the measures specified in the Reports. The ultimate Australian parent entity of the Company is AusNet Services Limited.

The AusNet Services' Group owns and operates 3 regulated networks – an electricity distribution network, a gas distribution network and an electricity transmission network, as well as unregulated businesses. Employees of the AusNet Services Group work across the 3 regulated networks and there are shared costs, overheads and other corporate costs that cannot be directly allocated to a particular network. These costs are proportioned amongst the Group's 3 regulated networks, as well as the unregulated businesses, based on a monthly Activity Based Costing ("ABC") survey process. The ABC survey is completed by all cost centre managers and is in accordance with AusNet Services' Cost Allocation Methodology ("CAM").

Materiality has been applied throughout the Reports and Basis of Preparation. Materiality is defined as information that if omitted, misstated or not disclosed has the potential, individually or collectively to influence the economic decisions of users.

In conformity with AER requirements, the preparation of the Reports requires the use of certain critical management estimates. For the purpose of preparing the Reports, 'Estimated Information' is defined as information presented in the Reports whose presentation is not materially dependent on information recorded in accounting records or other records used in the normal course of business, and whose presentation for the purpose of the RIN is contingent on judgments and assumptions for which there are valid alternatives, which could lead to a materially different presentation in the Reports.

Where Estimated Information has been presented, the circumstances and the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is AusNet Electricity Services' best estimate has also been set out below. Estimates are considered to be Management's best estimate based on the data available. Estimates will often not equal the related actual results and estimates have only been made for the purpose of disclosing the information required under the RIN. Considerations of the cost and efficiency of preparation as well as the reliability and accuracy of data available have been taken into account in determining the best methodology to determine the estimates.

'Actual Information' is defined as information materially dependent on information recorded in historical accounting records or other records used in the normal course of business, and whose presentation is not contingent on judgments and assumptions for which there are valid alternatives, which could lead to a

materially different presentation. Any information or allocation which has been calculated via the ABC survey process is considered Actual Information, as this is in accordance with the AER approved CAM.

The Reports require revenues and expenditure to be allocated between Standard Control Services and Alternative Control Services - as defined in the 2016-2020 Electricity Distribution Determination ("Distribution Determination").

The CPI Adjusted Forecast values are the forecast expenditure per the Distribution Determination, deflated by removing the impact of the AER forecast inflation and re-inflated by CPI to be in equivalent dollar terms to the actual expenditure for the 2017 Regulatory Year. In certain cases, expenditure in the Distribution Determination was forecast at the total level and not in the various categories required to be disclosed in the Regulatory Accounts. In these circumstances only the total forecast expenditure is shown.

Amounts reported as 'Audited Statutory Accounts' are sourced from the AusNet Electricity Services Pty Limited audited Special Purpose Financial Report ("SPFR") which was prepared for distribution to the members for purposes of reporting to the AER. Where the SPFR does not contain sufficient information to enable separation into the categories prescribed in the Regulatory Accounts, no amounts have been shown in the Audited Statutory Accounts column.

The preparation methodologies and information sources adopted in the preparation of the Reports are set out below.

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2.11 Labour

Labour includes all expenditure used to deliver standard control services that is associated with people. Labour expenditure relates to -

- Full time, part time and casual employees;
- Ongoing and temporary employment contracts; and
- Labour hire contracts.

Labour expenditure includes wages, salaries, overtime payments, bonuses, allowances, incentive payments, superannuation contributions, taxes, termination and redundancy payments, workers compensation, training and study assistance and purchases made on behalf of employees.

Controllable Non-Labour expenditure is all non-labour expenditure that is not Uncontrollable Non-Labour expenditure. Such costs include materials and fuels, insurance and guaranteed service level ("GSL") payments.

Uncontrollable Non-Labour expenditure is all non-labour expenditure over which AusNet Electricity Services has no control. Uncontrollable Non-Labour expenditure is imposed by an independent Government body. Such costs include solar feed in tariff payments, jurisdictional levies/taxes and local Government rates. Insurance costs and GSL payments are not uncontrollable.

Data reported relates to Standard Control Services ("SCS") only and is inclusive of related party margins. Related parties are defined in the RIN instructions.

Preparation Methodology:

2.11.3.1 Opex

Opex data, including related party information, was sourced from SAP and from the workings to Template 8.4 Opex.

'In-house Labour Expenditure' is considered to include all labour costs relating to employees of the AusNet Services Group which is SCS Opex in nature.

'Labour Expenditure Outsourced to Related Parties' and 'Labour Expenditure Outsourced to Unrelated Parties' have been reported as $nil. This is based on the definitions outlined above. AusNet Electricity Services incurs approximately $[redacted]M of SCS Opex from Contractors (related and unrelated) for labour services. However, the contractor arrangements do not constitute employment contracts or labour hire arrangements and as such have not been reported as Labour Expenditure. This definition differs to how AusNet Electricity Services interprets 'Outsourced Labour' internally and in the Distribution Determination and therefore underestimates the total (i.e. both internal and contracted) SCS labour costs incurred by AusNet Electricity Services. Below is a table showing AusNet Electricity Services' internal view (consistent with the methodology in the Distribution Determination) of the Opex Labour / Non-Labour split.

'Uncontrollable Non-Labour Expenditure' includes rates, taxes and levies in accordance with the prescribed definitions. Any residual SCS Opex has been classified as 'Controllable Non-Labour Expenditure'.

2.11.3.2 Capex

Capex data, including related party information, was sourced from SAP and from the workings to Template 8.2 Capex.

'In-house Labour Expenditure' is considered labour costs of employees of the AusNet Services Group which have been directly time sheeted to SCS capital projects.

'Labour Expenditure Outsourced to Related Parties' and 'Labour Expenditure Outsourced to Unrelated Parties' have been reported as $nil. This is based on the definitions outlined above. AusNet Electricity Services has approximately $[redacted]M of Capitalised SCS Contractor costs (related and unrelated) for labour services. However, the contractor arrangements do not constitute employment contracts or labour hire arrangements and as such have not been reported as Labour Expenditure. This definition differs to how AusNet Services interprets 'Outsourced Labour' internally and in the Distribution Determination and therefore underestimates the total (i.e. both internal and contracted) SCS labour costs incurred by AusNet Electricity Services. Below is a table showing AusNet Electricity Services' internal view (consistent with the methodology in the Distribution Determination) of the Opex Labour / Non-Labour split.

'Uncontrollable Non-Labour Expenditure' has been reported as zero as these levies and taxes have not been capitalised. Any residual SCS Capex has been classified as 'Controllable Non-Labour Expenditure'.

Estimated Information:

All information reported is Actual Information. No estimates were required.

3.6 Quality of Services

Table 3.6.5 Quality of supply

Voltage variations

This data was sourced from ION and EDMI Smart Meter Recorded Data. To populate the template the following process was followed:

- Download EDMI Smart Meter Recorded Data – by the DMS Group
  - Maintain separate data file for each EDMI meter installed at the zone substations and feeder extremities at the DMS Group Drive "Quality of Supply on rchnas002\BCN_networks network drive". These data files are identified by the unique meter number and with extension of ".ssl" or ".pqt". Example "200002950.ssl" or "9917147.pqt".
  - If the meter or location of the meter is changed then a new file will be started in the server with the new meter number and inform the details of the new meter to the Asset Analytics Engineer.
  - Download the recorded voltage variation data from EDMI smart meters installed at zone substations and feeder extremities and add this data to the existing data files in the DMS Drive.
  - EDMI raw data is routinely uploaded to the PQ data warehouse. A special query tool reads the data and transforms the data into a format that Power Monitoring Expert (PME) software can manipulate for reporting.

- Preparation of ION PQ Data to Prepare AER Annual Report
  - ION meter data is to be stored in a database, which can be interrogated using the Power Monitoring Expert software.

- Preparation of Smart Meter Data for RIN Power Quality Report
  - AusNet Electricity Services monitors both Zone Substation and Feeder Extremity meters at the secondary side of station power and customers substation, respectively. For this reason, all voltage variation events are to be calculated based on the <1kV voltage criteria in Standard Nominal Voltage Variations table above.
    - Number of voltage variations from the steady state – Voltage variations with duration ≥1 minute and 106%<Voltage amplitude<94%.
    - Number of voltage variations with 10Seconds≤durations<1minute and 110%<Voltage amplitude<90%.
    - Number of voltage variations with 0.5cycles≤duration<10 Seconds and 120%<Voltage amplitude<0%.
  - A report for voltage variations from both ION and EMDI meters is available in PME for regulatory compliance reporting.

Estimated Information:

All information reported is Actual Information. No estimates were required.

Table 3.6.6 Complaints - Technical Quality of Supply

Preparation Methodology:

Complaints data is stored within AusNet Electricity Services' Issues Management System ("IMS"). When a complaint is lodged, one of the mandatory fields is 'complaint category' which includes 'technical quality of supply'.

Complaints relating to technical quality of supply are exported to a spreadsheet and filtered by 'complaint type' – another field which provides further details of the nature of the complaint. Complaints related to TV and radio interference are specifically captured and reported in the template. Other complaint categories and the 'likely causes of complaints' are estimated by the Customer Resolutions Manager, based on further analysis of the data.

Estimated information:

'Complaints by likely cause' and the complaint categories (excluding 'TV and radio interference') are estimated. This estimation is based on a combination of analysis of individual complaints on a case-by-case basis and the judgment of the Customer Resolutions Manager (judgment is applied to allocate complaints into the categories required).

AusNet Electricity Services will be implementing additional categories in 2018 to reduce estimated information.

Table 3.6.7 Customer Service

Timely Provision of Services

Preparation Methodology:

New connections data was sourced from SAP. New connections are defined as those connections comprising a brand new meter and connection of supply. This does not include re-energisations. There are two standard reports which form the basis of the reporting:

- a Service Order Report, which is generated for a selected order status (i.e. 'completed') and period (calendar year 2017); and
- a Running Operations Report, which is generated to identify service orders that have not been completed by the appointment date.

The data reported was the output of these reports.

AusNet Electricity Services procedure document 'New Connections Reporting' (Work Instruction ID 8.1.4.01) contains detailed instructions for these operations.

Estimated Information:

All information reported is Actual Information. No estimates were required.

Timely repair of faulty streetlights

Streetlights - average monthly number of streetlights "out"

This data is calculated by dividing the total number of streetlight faults (Template 6.9 STPIS GSL) by 12.

Streetlights – not repaired by "fix by" date

This metric has been reported as zero. AusNet Electricity Services rarely contacts customers to obtain an agreed date for streetlight repair. This process may be developed in the future. The agreed date plan would allow for improved co-ordination with traffic management, work flow and repairing non-standard lanterns.

Streetlights - average number of days to repair

This is determined by filtering the 'Trouble Symptom' column in the Fusion Distribution and Outage Management System ("DOMS") report for all faults except 'Found by Light patrol' and 'Watchman lights'. The total of the number all days to fix these faults is divided by the total number of the same faults.

Total streetlights

This is the same data provided in Template 6.9 STPIS GSL.

Estimated Information:

All information reported is Actual Information. No estimates were required.

Call Centre Performance

Preparation Methodology:

'Average waiting time before calls are answered' was calculated by running the 'Historical Split/Skill Summary Monthly' report from the Avaya call centre system. This report contains average speed of answer and number of calls queued for each month, by call queue (Electricity Faults, Wire Down, Life Threatening and Streetlights). The weighted average of all queues/months was reported in the template.

'Percentage of Calls abandoned' was obtained from the same report, using the Total Abandoned and Total Offered fields. Total Abandoned divided by Total Offered provided the percentage abandoned.

'Number of overload events' was calculated as those instances where there is a variance of greater than 150 calls between the Telstra Analyser 'Call Activity By Product & Service' Report (total calls to fault line per day) and the IPScape 'Total Calls Per Day' Report (total calls received by the IVR per day).

Estimated Information:

All information reported is Actual Information. No estimates were required.

Number of Customer complaints

Preparation Methodology:

Complaints data is stored in the IMS. When a complaint is lodged, the mandatory field 'complaint category' is recorded. To report against the categories in Table 3.6.7, complaints were exported to a spreadsheet and filtered by the 'complaint category' field. This data was directly transferred to the Template.

Estimated Information:

All information reported is Actual Information. No estimates were required.

Supporting data used for Templates 3.6.8, 3.6.9, 6.2, 6.7 and 6.8

Reliability Information is reported for unplanned interruptions which is an interruption due to an unplanned event. An unplanned event is considered an event that causes an interruption where the customer has not been given the required notice for the interruption or where the customer has not requested the outage.

A sustained interruption is any loss of electricity supply to a customer associated with an outage of any part of the electricity supply network, including generation facilities and transmission networks, of equal or more than 60 seconds in duration, including outages affecting a single premise. Momentary interruptions last for less than 60 seconds.

Note - AusNet Services' Outage Management System (Poweron) reports momentary interruption as loss of supply interruption continuing for a period of less than one minute, consistent with the Distribution Code. The STPIS RIN report definition of a momentary interruption is a loss of supply with duration of one minute or less. The calculated errors in SAIDI, SAIFI and MAIFI were all less than 1.0%, hence reported values are considered accurate and actual information for reporting purposes.

The customer interruption starts when recorded by equipment or, where such equipment does not exist, at the time of the first customer call relating to the network outage. An interruption may be planned or unplanned, momentary or sustained. Subsequent interruptions caused by network switching during fault finding are not included. An interruption ends when supply is again generally available to the customer.

To prepare Templates 6.2 STPIS Reliability, 6.7 STPIS Daily Performance and 6.8 STPIS Exclusions, three supporting reports are first prepared. The Basis of Preparation for those Templates should be read in conjunction with this section.

The process undertaken to produce these supporting reports is described in Section 3.6.8.

3.6.8 Network - feeders

Feeder Classification

- Obtain Feeder Maximum Demand ("MVA") from Network Strategy and Planning (Region Planners).
- Obtain the year-end feeder level summary for overhead and underground line length SDME Support Team via IT Helpdesk.
- Feeders were classified to either Urban, Short Rural or Long Rural:
  - Urban Feeder: $\frac{Maximum\ Demand\ (MVA)}{Overhead+Undergraound\ Length\ (km)}$ > 0.3 MVA/km
  - Short Rural Feeder is not an urban feeder with total Overhead and Underground line length less than 200 km.
  - Long Rural Feeder is not an urban feeder with total Overhead and Underground line length greater than 200 km.

Customer Count Estimation Process

- Obtain Customer Count by Feeder report from Poweron Fusion. This report is automatically generated on the first day of each month.
- The 2017 calendar year average customers count was estimated by :

$$\frac{Customer\ Count\ on\ 1\ Jan\ 2017 + Customer\ Count\ on\ 1\ Jan\ 2018}{2}$$

Network Outage Summary

- Extract the 2017 Network Outage Summary Report from Poweron Fusion. Ensure that all incident status is equal to 'Completed'. This status is attained once all data clean-up and validation have been carried out by CEOT Data Analysts.
- Transmission and Sub-transmission related incidents in Poweron Fusion reports currently require CEOT Data Analysts to obtain the breakdown of the affected feeders. The breakdown list contains information on the customer interruptions and customer minutes off supply ("CMOS") on each affected feeder.
- To distinguish between Unplanned and Planned outages in the Network Outage Summary Report, apply the following filters to field name 'Classification' as follows:
  - Planned Outages = Planned HV Incident ; Planned LV Incident
  - Unplanned Outages <> Planned HV Incident ; Planned LV Incident
- If no cause has been recorded in an incident, cause group of 'Other' is applied.
- The MED threshold for 2017 was calculated from supply interruption data between year 2012 to 2016. If the USAIDI on one particular day exceeds the MED threshold value, it will be classified as a Major Event Day ("MED").
- Below incidents were reported in the STPIS exclusions list:
  - Transmission-related incidents. During the course of the year transmission events that affected the distribution network are monitored and recorded.
  - Selected supply interruptions that occurred during the Total Fire Ban ("TFB") day as a result of the mandatory suppression of reclose functions on protective devices in areas covered by a TFB declaration.
  - Supply interruptions associated with equipment failure during the initial and pre-conditioning tests of Rapid Earth Fault Current Limiter ("REFCL") deployment.
  - Supply interruptions due to inter-distributor connection failures.

3.6.9 Network - reliability

Preparation Methodology:

From the Network Outage Summary report, a summary of planned outages per feeder classification (i.e. Urban, Short Rural and Long Rural) was created.

The System Average Interruption Duration Index ("SAIDI") value per network categorisation was calculated by dividing the sum of CMOS with the end of year count of customers per feeder classification.

The System Average Interruption Frequency Index ("SAIFI") value per network categorisation was calculated by dividing the sum of Customer Interruptions with the end of year count of customers per feeder classification.

Estimated Information:

All information reported is Actual Information. No estimates were required.

4.1 Public Lighting

Public Lighting is as defined in the 2016-2020 Distribution Determination.

Preparation Methodology:

Data reported as the 'Number of Lights' was determined based on December 2017 billing information.

Public Lighting Revenue was obtained from billing data sourced from the billing system. The categorisation by light type and between Efficient and Non-Efficient Public Lighting Revenue was based on an analysis of the descriptions of the amounts billed.

Estimated Information:

All information reported is Actual Information. No estimates were required.

6.2 STPIS Reliability

System Average Interruption Duration Index is, as per the STPIS, the sum of the duration of each sustained interruption (in minutes) divided by the total number of distribution customers as defined in the service target performance incentive scheme.

System Average Interruption Frequency Index is, as per the STPIS, the total number of sustained interruptions divided by the total number of distribution customers as defined in the service target performance incentive scheme.

Momentary Average Interruption Frequency Index ("MAIFI") is, as per the ESCV's Information specification (Service performance) for Victorian Electricity Distributors, 1 January 2009, p. 30: 'The total number of momentary interruptions divided by the total number of distribution customers'.

A Distribution Customer is a distribution customer (with active accounts) with an active National Metering Identifier ("NMI").

Preparation Methodology:

Using the Network Outage Summary report (obtained from the Poweron Fusion application), a summary table of unplanned outages for Customer Interruptions (sustained and momentary) and CMOS by feeder classification (i.e. Urban, Short Rural and Long Rural) was created. A similar table less all exclusions (per STPIS 3.3 – Exclusions) was also created. The SAIDI, SAIFI and MAIFI values were calculated using the average customer count by feeder classification.

Estimated Information:

All information reported is Actual Information. No estimates were required.

6.6 STPIS Customer Service

Total number of calls is the total number of calls to the fault line to be reported, including any answered by an automated response service and terminated without being answered by an operator. It excludes missed calls where the fault line is overloaded.

A call to the fault line answered in 30 seconds is measured from when the call enters the telephone system of the call centre (including that time when it may be ringing unanswered by any response) and the caller speaks with a human operator, but excluding the time that the caller is connected to an automated interactive service that provides substantive information. This measure does not apply to:

(a) Calls to payment lines and automated interactive services

(b) Calls abandoned by the customer within 30 seconds of the call being queued for response by a human operator (where the time in which a telephone call is abandoned is not measured, then an estimate of the number of calls abandoned within 30 seconds will be determined by taking 20 per cent of all calls abandoned).

Being placed in an automated queuing system (automated or otherwise) does not constitute a response.

Telephone answering

Preparation Methodology:

This data was derived from Template 6.7 Daily Performance data. 'Number of calls received' exclude calls to payment lines/automated interactive services and calls abandoned within 30 seconds, per the STPIS Guidelines. These calls are removed by separately identifying them in the data extract from Avaya (see Basis of Preparation for Template 6.7).

AusNet Electricity Services' telephone answering process cannot, in any practicable way, link individual phone calls to individual incidents. In order to exclude calls from customers relating to MED incidents, post code data (captured in the AusNet Electricity Services Phone System) was used. The post codes from customer calls were compared to the post codes of MED incidents to quantify the call data to exclude.

Estimated Information:

All information reported is Actual Information. No estimates were required. The approach taken to exclude MED data is not considered to result in Estimated Information as the data used was system generated and there isn't a valid, alternative approach that would lead to materially different data being reported.

6.7 STPIS Daily Performance

Daily performance data contains AusNet Electricity Services' daily performance on MAIFI and customer service metrics for each day between the period 1 January 2017 and 31 December 2017.

Customer service data

System data for this report is extracted from Avaya CMS Supervisor Reporting tool (Avaya is the current telephony system provider) and the IPScape Reporting Interface (IPScape are the current IVR Platform Provider).

The following reports were generated:

- **Number of calls received:** As per the STPIS Guidelines, this excludes calls to payment lines/automated interactive services and calls abandoned within 30 seconds. These are identified as follows:
  - **Calls received excluding calls to payment lines/automated services:** This was calculated by running the 'NM – CFE Summary Daily Multi Skills V3 report' (Avaya CMS) by day from 1 January 2017 – 31 December 2017 on the following electricity fault call queues; Wire Down, Streetlights, Life Threatening, Electricity Faults
  - **Calls abandoned within 30 seconds:** The 'NM – CFE Summary Daily Multi Skills V3' report (Avaya CMS) was run per day from 1 January 2017 – 31 December 2017 on the following electricity fault call queues; Wire Down, Streetlights, Life Threatening, Electricity Faults
- **Number of calls answered in 30 seconds:** The 'NM – CFE Summary Daily Multi Skills V3' report (Avaya CMS) was run per day from 1 January 2017 – 31 December 2017 on the following electricity fault call queues; Wire Down, Streetlights, Life Threatening, Electricity Faults.

In order to exclude calls from customers relating to MED incidents, post code data (captured in the AusNet Electricity Services Phone System) was used. The post codes from customer calls were compared to the post codes of MED incidents to quantify the call data to exclude.

Estimated Information:

All information reported is Actual Information. No estimates were required.

Daily performance data

Preparation Methodology:

MAIFI data

Using the Network Outage Summary report (obtained from Poweron Fusion), a daily summary of customer interruptions caused by momentary outages by feeder classification (i.e. Urban, Short Rural, and Long Rural) was generated. A momentary outage has an outage duration = 0. The daily MAIFI from each feeder classification was calculated using the average customer count by feeder classification.

Estimated Information:

All information reported is Actual Information. No estimates were required.

6.8 STPIS Exclusions

With reference to STPIS section 3.3(a), exclusions refer to supply interruption events caused by any of the following conditions:

(1) [Deleted]

(2) load shedding due to a generation shortfall

(3) automatic load shedding due to the operation of under frequency relays following the occurrence of a power system under-frequency condition

(4) load shedding at the direction of the Australian Energy Market Operator (AEMO) or a system operator

(5) load interruptions caused by a failure of the shared transmission network

(6) load interruptions caused by a failure of transmission connection assets except where the interruptions were due to inadequate planning of transmission connections and the DNSP is responsible for transmission connection planning

(7) load interruptions caused by the exercise of any obligation, right or discretion imposed upon or provided for under jurisdictional electricity legislation or national electricity legislation applying to a DNSP.

Exclusions

Preparation Methodology:

Using the Network Outage Summary report (obtained from Poweron Fusion), all Transmission, selected TFB-related events, inter-DB connection failures and REFCL-related outages from pre-conditioning tests were identified.

A summary of these events was then created by event date and sequence of occurrence. For each feeder affected, the number of customer interruptions (“CI”) and CMOS was summated.

The average interruption duration was calculated by dividing CMOS with CI for each event.

Estimated Information:

All information reported is Actual Information. No estimates were required.

6.9 STPIS GSL

The applicable GSL scheme for AusNet Electricity Services is the scheme included in the Victorian Electricity Distribution Code. This GSL scheme is referred to as the 'jurisdictional GSL scheme' in the reporting template. The AER GSL scheme does not apply to AusNet Electricity Services.

Guaranteed Service Levels – Jurisdictional GSL Scheme

Preparation Methodology:

Appointments and Connections

Appointments and new connections data is recorded in AusNet Electricity Services' SAP CIS software.

'Total Connections Made' was sourced from a report generated in SAP CIS.

Within SAP CIS, the 'Review GSL Products' module holds the relevant information for the remaining Appointments and Connections data reported. Once information has been entered into SAP, it is reviewed on a daily basis by the New Connections team and should a GSL entry be accepted by the team, it is manually transferred to a monthly GSL spreadsheet. Each GSL entry is assessed against the applicable criteria for awarding a GSL and can be rejected in the event that there are defects on the customer's site, no supply at the premises, or the customer has cancelled the appointment.

Once a GSL is accepted by the New Connections team, SAP CIS interfaces with Kinetiq and adds the GSL refund to the next billing cycle. This is actioned by the Metering Revenue team

At the end of each month, the GSL report is finalised by generating a new connection and truck appointment report in SAP, which returns the total number of connections and truck appointments for that month. Based on this, the percentage of service orders completed on time can be calculated.

To populate the RIN template, the monthly GSL reports were summed to return the annual figure. AusNet Electricity Services procedure document 'GSL Reporting' (Work Instruction ID 8.1.2.02) contains detailed instructions for these operations.

Reliability of Supply

Reliability of supply data was sourced from the DOMS system. The information was extracted using a standard report entitled 'LR Payments All Detailed'. The output of this report includes the number of GSL events for each category (e.g. low reliability payments – 20 hours).

The number of events in each category was then multiplied by the applicable GSL payment (e.g. $120) to determine the amount paid under each GSL category.

Streetlights

This is the total number of streetlights on the network at the end of December 2017 sourced from the SDME Asset Management system.

The preparation of STPIS GSL data is documented in the AusNet Services' Public Lighting Performance Reporting Guidelines (SOP 30-04).

Streetlights "out" during period

Each month the Fusion DOMS system produces a report on the total number of faults reported during that month. The DOMS system allows for selection of any commencement date and end date.
The total number of streetlight faults was determined by filtering the lighting report for all streetlight-specific faults reported using the 'Trouble Symptom' column including all categories except 'Found by patrol' and 'Watchman lights' for the entire year.

Data Reported in this metric relates to streetlight faults reported by a customer and does not relate to GSL eligible faults only.

It is noted that 4% of records do not have a 'field complete date' (time and date the repair was completed) populated by contractors. For this data, the 'system complete date' (entered by the contract manager once the field crews return from the field) has been used to calculate the 'number of business days to repair'. Given the small volume of records, AusNet Electricity Services does not consider that this to have a material impact on data reported. Based on this, the data presented is considered Actual Information.

Streetlights not repaired by "fix-by" date

The "fix-by" date is assumed to be the agreed date for repair of a faulty light between AusNet Electricity Services and the person that reported the fault. The Fusion DOMS report does not specifically detail this information; therefore a value cannot be determined under this item.

Data Reported in this metric relates to streetlight faults reported by a customer and does not relate to GSL eligible faults only.

AusNet Electricity Services may implement a mechanism to determine an agreed date of repair and report measures against this item in 2017.

Streetlights not repaired in 2 business days

Using the same Fusion DOMS report as above, the NMI (National Metering Identifier) column is filtered to include only calls from known customers. Then the 'Trouble Symptom' column is filtered on the 3 location categories 'Area lights Out', 'Single outside' and 'Failure adjacent'. This figure includes all faults under these 3 categories from January to December 2017. The filters applied are based on GSL eligibility criteria.

The Network (i.e. Business days) column is then filtered to remove all faults repaired in 2 days or less.

Data reported in this metric is in accordance with the Victorian Public Lighting Performance standards (e.g. GSL eligible only).

Streetlights average number of business days to repair

This figure is assumed to be the average business days to repair faulty street lights that were reported during 2017. This is determined by filtering the "Trouble Symptom" column in the Fusion DOMS report to remove faults under "Found by patrol" and "Watchman lights" for each quarterly report. Then, the average "Network Days" i.e. Business days are calculated for the total number of faults divided by the total time taken to repair these faults.

Data reported in this metric is in accordance with the Victorian Public Lighting Performance standards (e.g. GSL eligible only).

Number and dollar value of GSL payments

The number of payments to public residents who qualify for a missed GSL is determined by the reviewing the data provided by AusNet Electricity Services' public lighting contractor. Each outage not rectified within 2 business days is reviewed and if the information provided aligns with the criteria in the Public Lighting Code, the GSL is considered payable.

The number of GSLs paid is multiplied by the mandated $25.00 GSL payment to calculate the total GSL amount.

Estimated Information:

All information reported is Actual Information. No estimates were required.

7.8 Avoided TUOS Payments

Avoided TUOS Payments are the payments made by AusNet Electricity Services in accordance with Clause 5.5(h) of the National Electricity Rules ("NER").

Preparation Methodology:

Data reported was populated using information from Template 9.5 TUoS. Refer to Section 9.5 for further details.

Estimated Information:

All information reported is Actual Information. No estimates were required.

7.10 Jurisdictional scheme payments

Jurisdictional scheme has the meaning given in Clause 6.18.7A (d) of the NER.

Jurisdictional Scheme Payment is, in respect of a Jurisdictional Scheme, the amount AusNet Electricity Services is required under the Jurisdictional Scheme obligations to:

(a) Pay to a person;
(b) Pay into a fund established under an Act of a participating jurisdiction;
(c) Credit against charges payable by a person; or
(d) Reimburse a person

less any amounts recovered by AusNet Electricity Services from any person in respect of those amounts other than under the NER.

Preparation Methodology:

Data was sourced from the billing system.

Solar tariff codes are segregated between the two feed-in schemes for which AusNet Electricity Services is responsible for providing rebates – Premium feed-in tariff payments ("PFIT") and Transitional feed-in tariff payments ("TFIT'). Data reported was calculated as the sum of billed volumes in the respective PFIT and TFIT tariff codes multiplied by the relevant cents per kilowatt hour rate.

Note – the TFIT scheme ceased 31 December 2016. The amount reported this year represents an adjustment between the estimated December 2016 accrual and the actual invoicing for the December month, which occurred in January 2017.

Estimated Information:

All information reported is Actual Information. No estimates were required.

7.11 Demand management incentive scheme

DMIA expenditure in the regulatory reporting year

Preparation Methodology:

Relevant projects were identified by a subject matter expert ("SME"). Project costs reported were extracted from SAP reports. Capital Expenditure reported is gross Capex, inclusive of overheads and finance costs. Opex expenditure reported is gross Opex.

Estimated Information:

All information reported is Actual Information. No estimates were required.

7.12 Safety and bushfire related expenditure

For the 2017 Regulatory Year, the Safety and Bushfire Template has been completed based on Safety Augmentation expenditure that was approved in the 2016-2020 Distribution Determination.

Table 17.12.1 - Safety and Bushfire related Asset Group Definitions and Allocation Basis

Preparation Methodology:

The relevant Safety and Bushfire projects were identified using information from the SAP Financial System. This data was classified into activities based on the nature of the project.

Where there were no relevant projects approved as Safety Augmentation in the Distribution Determination, definitions have been stated as "NA".

7.12.2 – Bushfire Related

7.12.2.1 – Number of Activities

Preparation Methodology:

Volumes were sourced from the Asset Management System, project information, the Distribution Determination (unit rates) and the 2016 Annual Regulatory Account submission (unit rates).

For the REFCL Programme, volumes are based on completed units. Hence the unit rates reported are not reflective of the underlying unit rates.

Estimated Information:

Data reported is considered Estimated Information as forecast or estimated unit rates have been used in some circumstances to derive 2017 units. AusNet Electricity Services will investigate changes to processes to capture the data in the categorisations required.

7.12.2.2 – Expenditure

Preparation Methodology:

Expenditure was sourced from the SAP Financial System based on project data. Projects were classified into categories based on the knowledge of an SME. Related Party Margins were obtained from the SAP Financial System and from the workings to the Annual Regulatory Accounts.

Expenditure associated with Government Funded Projects (e.g. the Powerline Replacement Programme) was excluded from the data reported as there was no specific Table requirement.

Estimated Information:

Data reported is considered Actual Information, no estimates were required.

7.12.2.3 – Unit Costs

Preparation Methodology:

Unit costs were derived using the data reported in Tables 7.12.2.2 and 7.12.2.1. Unit costs reported are exclusive of Margins and Overheads.

Estimated Information:

Data reported is Estimated Information as the unit cost calculation relied on units/volumes that were estimated. AusNet Electricity Services will investigate changes to processes to capture the data in the categorisations required.

Tables - 7.12.2.4 and 7.12.2.5

Preparation Methodology:

Data reported in Tables 7.12.2.4 and 7.12.2.5 relates to the REFCL Programme (Tranche 1) and is consistent with the Volumes and Expenditure reported in 7.12.2.1 and 7.12.2.2. The 'Volume approved under contingent project applications' was sourced from the Contingent Project Application.

Estimated Information:

Data reported is Estimated Information as the unit cost calculation relied on units/volumes that were estimated. AusNet Electricity Services will investigate changes to processes to capture the data in the categorisations required.

7.12.3 - Safety Related

7.12.3.1 – Number of Activities

Preparation Methodology:

Volumes were sourced from the Category Analysis RIN (based on Asset Management System information and project data) and, in some circumstances, units were derived using the Distribution Determination unit rates.

Estimated Information:

Data reported is considered Estimated Information as, in some circumstances, units were derived using unit rates from the Distribution Determination. AusNet Electricity Services will investigate changes to processes to capture the data in the categorisations required.

7.12.3.2 – Expenditure

Preparation Methodology:

Expenditure was sourced from the SAP Financial System based on project information. Projects were classified into categories based on the knowledge of an SME. Related Party Margins were obtained from the SAP Financial System and from the workings to the Annual Regulatory Accounts.

Estimated Information:

Data reported is considered Actual Information. No estimates were required.

7.12.3.3 Unit Costs

Preparation Methodology:

Unit costs were derived using the data reported in tables 7.12.3.2 and 7.12.3.1. Unit costs reported are exclusive of Margins and Overheads.

Estimated Information:

Data reported is considered Estimated Information as the unit rate calculation relied on units/volumes that were estimated. AusNet Electricity Services will investigate changes to processes to capture the data in the categorisations required.

7.12.3.4: Safety improvement outcomes reported to ESV (volumes)

Preparation Methodology:

Volumes were obtained from data reported to ESV, ultimately sourced from the SAP Financial System.

Estimated Information:

Data reported is considered Actual Information. No estimates were required.

7.13 Total Annual Retailer Charges

Table 7.13.1: Total Annual Retailer Charges

Total annual retailer charges ("TARC") is defined as the total annual amount of network charges billed by AusNet Electricity Services to all retailers as most recently reported by AusNet Electricity Services to the AER, or total annual amount of network charges billed by AusNet Electricity Services to all retailers.

Preparation Methodology:

Data reported comprises revenue derived from Distribution Use of System charges, Transmission Use of System Charges and Jurisdictional Charges. Information was sourced from the billing system.

Estimated Information:

Information reported is Actual information. No estimates were required.

8.1 Income

The accounting terms used in this template have the same meaning as is used for the preparation of the AusNet Electricity Services Pty Limited SPFR. The service classifications have the same meaning as those used in the Distribution Determination.

Preparation Methodology:

All amounts reported were extracted from SAP General Ledger accounts, billing information or from another template within the 2017 Regulatory Accounts, except as detailed below:

- *Public Lighting Revenue*: The categorisation of public lighting revenue between Efficient and Non-Efficient was based on an analysis of the descriptions of the amounts billed.
- *Depreciation Expense:* Depreciation reflects the approved 'return of capital' allowance for the period (per the Distribution Determination). These figures have been adjusted for CPI.
- *Finance Charges:* Charges were obtained via weighting the actual debt raising costs from the General Ledger across networks based on the Regulated Asset Base ("RAB") value of each network.

The column 'Adjustments' is the difference between the Audited SPFR amounts and Distribution Business amounts. These differences arise due to the following:

- The AusNet Electricity Services Pty Limited SPFR includes unregulated and negotiated business activities. In the Regulatory Accounts this is captured in the Adjustments column;
- Certain accounts, such as tax balances, capitalised finance charges, customer contributions revenue, intercompany amounts and impairment, are outside the scope of the Regulatory Accounts per Regulatory Guidelines; and
- Differences between accounting depreciation (i.e. calculated on a straight-line basis) and Regulatory depreciation (i.e. approved 'return of capital' allowance for the period).

The total 'Adjustments' relating to Maintenance Expenditure and Operating Expenditure have been split into Maintenance costs and Operating costs on a pro rata allocation basis, using the split of Maintenance and Operating costs per the 'Distribution Business' column.

Estimated Information:

The weighting process applied to Finance Charges does not result in the information being considered Estimated Information as the data is based on system generated information, for which there isn't an alternative approach which would provide materially different information. AusNet Services has a common funding vehicle utilised for the whole of AusNet Services Group and as such funding requirements are managed at a group level. As funding is not deemed to be associated with any specific entity, AusNet Electricity Services will continue to calculate the allocation of debt raising costs using RAB weightings.

Information reported is Actual Information. No estimates were required. The methodology to split Maintenance and Operating Expenditure is not considered to represent Estimated Information. This is on the basis of materiality - there isn't an alternative approach available which would provide materially different data.

8.2 Capex

Capital Expenditure ("Capex") includes all costs that are directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management. In accordance with the AER approved CAM, AusNet Electricity Services capitalises overhead expenditure that is directly attributable to bringing an asset to its intended in-service state.

Capex and Capital Contributions data was extracted from SAP by work code and project and populated into a Capex Model. The data extracted included details of direct costs, overheads and capitalised finance charges. Projects were classified into Asset Classifications based on work codes and also SME review. Capital Contributions reported includes gifted assets.

Table 8.2.1: Capex by Purpose - Standard Control Service and Table 8.2.3 Capex Other

Preparation Methodology:

Information in the Capex Model was used to populate the 'Actual' column in Tables 8.2.1 and 8.2.3.

In Table 8.2.1 Augmentation, Connections, Replacement and Non-Network costs reported are direct costs including related party margins and capital contributions (not net of capital contributions), excluding capitalised overheads. Capitalised Overheads and Capital Contributions are shown separately. Capital Contributions are deducted from the total SCS Capex reported.

In Table 8.2.3 Public Lighting costs reported are direct costs including any related party margins and overheads, excluding (net of) capital contributions.

Related parties are defined in the RIN instructions. Information reported in the 'Related Party Margin' column is based on an SAP report of related party transactions which was classified into Asset Categories using project data. The related party margin is contract driven and the prescribed contract margin was applied to the total related party costs to determine the margin to report. AusNet Electricity Services also has related party transactions within the AusNet Services Group; however these transactions are at zero margin and as such are not shown in information reported.

To determine the voltage allocations (excluding REFCL), Capex data from AusNet Electricity Services' Category Analysis RIN templates was used. REFCL was allocated based on the advice of an SME.

Estimated Information:

The 'Actual' column is considered Actual Information. The assignment of the Augmentation, Connections, Replacement and Capitalised Overheads into the prescribed voltages in Table 8.2.1 is Estimated Information, as the data sourced from the Category Analysis RIN was Estimated Information. This is considered Management's best estimate based on the data available. AusNet Electricity Services will investigate changes to processes to capture the estimated data in the categorisations required.

Table 8.2.4: Capex by Asset Class

Preparation Methodology:

'Actual' capex costs reported are direct costs including any related party margins and overheads excluding capital contributions (net of capital contributions).

The 'Actual' column is derived as follows:

- Scada/Network Control:
  - This classification includes REFCL and Non-REFCL Capex data.
  - Non-REFCL Capex data was obtained from Table 8.2.1.
  - REFCL Capex relating to SCADA/Network Control comprises 2 components:
    1) Cost of REFCL Coil units. This was obtained from a Materials Order report (run in SAP) for the coil supplier. The SAP report was generated for calendar year 2017 and provided the cost of all coil materials in Euros. Average exchange rates were obtained from the Treasury Department to convert EUR to $AUD. Capitalised overheads were added onto the direct material cost using an actual rate of 14%.
    2) REFCL Capex also includes 'Other SCADA & Comms'. This was obtained for work undertaken at the 9 Zone Substations within REFCL Tranche 1. A report was generated from SAP containing total costs for Zone Substations Projects only. The approved 'Other SCADA & Comms' amounts were obtained from the Tranche 1 AER decision by station (9 sites) and divided into the total approved amounts per station works. These splits were then applied to total actual costs incurred by station using the SAP report data. Capitalised overheads were added onto the estimated direct costs at an actual rate of 14%.

- Land:
  - Land comprises the substation Land purchase (within REFCL Tranche 1).
  - Information was provided by the Property Team and confirmed by the Fixed Asset Accounting Team. Capitalised overheads were added at an actual rate of 14%.

- Subtransmission:
  - This classification includes REFCL and Non-REFCL and Capex data.
  - Non-REFCL Capex data was obtained from Table 8.2.1; and
  - The balance of costs for REFCL Tranche 1 actual Capex (Total REFCL Tranche 1 Capex less amounts allocated to "SCADA/Network Control" and "Land"), plus actual costs for REFCL Tranche 2 incurred in calendar year 2017.

- Non network General Assets (IT and Other) based on the Capex Model.

- Distribution System Assets:
  - This was calculated as Total Capex less the amounts allocated other Asset Classes (described above).

In relation to Provisions, a provision movement schedule was prepared for each provision based on information extracted from SAP. The 'Movement in Provisions' was allocated into SCS, AMI, Alternative Control Services and Unregulated services using the percentage split of total operating costs per Template 8.4 Opex. Only the Provision movement attributed to SCS has been reported in 8.2 Capex. The movement was then allocated into Capex and Operating Expenditure ("Opex") components using the results from the monthly ABC surveys.

The Capex SCS movement in Provisions was allocated across Asset Categories based on the capex expenditure weighting disclosed in the 'Actual' column of Table 8.2.4.

Estimated Information:

Non-Network General Assets IT and Non-Network General Assets Other are considered Actual Information. All other data reported is Estimated Information due to the preparation process outlined above. This is considered Management's best estimate based on information available.

The 'Movements in Provisions' are considered Estimated Information as SAP does not capture provision movements on an Opex/Capex basis and not in the required Asset Categories. The allocation process applied is considered Management's best estimate based on the data available. Due to the nature of the data required (which is not required under Accounting Standards), it is anticipated that this will be estimated on an ongoing basis.

Table 8.2.5: Capital contributions by asset class

Preparation Methodology:

Capital Contributions were determined using an SAP Report, classified into Asset Categories based on the cost weightings in Table 8.2.1. No Capital Contributions are received in relation to SCADA or Non-Network assets.

Estimated Information:

Total Capital Contributions is considered Actual Information as the data was sourced from SAP. The categorisation into Subtransmission, Distribution System Assets is estimated information by virtue of the allocation process. This is considered Management's best estimate based on available data. AusNet Electricity Services will investigate changes to processes to capture the estimated data in the categorisations required.

Table 8.2.6: Disposals by asset class

Disposals are defined as the gross proceeds from the sale of assets.

Preparation Methodology:

To determine 'Actual' values, a transaction listing was generated in SAP of the General Ledger account for asset sales and retirements. This was reviewed and the relevant disposals were identified and classified.

Estimated Information:

Information reported is Actual information. No estimates were required.

8.4 Opex

Opex is the costs of operating and maintaining the network (excluding all capital costs and capital construction costs).

Standard Control Services and Alternative Control Services ("ACS") are as defined in the 2016-2020 Distribution Determination.

AusNet Electricity Services allocates costs directly to projects, assets and services where possible and appropriate. Where costs are not directly project costed, activity based costing is used to allocate costs across projects, assets and services. This is in accordance with the AER approved CAM.

Table 8.4.1 Opex

Preparation Methodology:

Information reported as 'Audited Statutory Accounts' was determined using information in Template 8.1 Income and also based on information in the 'Distribution Business' column.

Data reported in the 'Distribution Business' was calculated as the sum of SCS and ACS Opex in Table 8.4.1.

SCS Opex data was extracted from SAP by work code and project and classified into Opex Categories using work code and project data.

For ACS Opex, the following preparation approaches were applied -

- *Public Lighting:* Data was extracted from SAP based on work codes and projects. The information was allocated into Efficient and Non Efficient based on the proportion of Efficient and Non-Efficient Revenue.
- *Metering:* Metering data was extracted from SAP based on work codes and projects. Data was then subject to SME review.
- *Ancillary Network Services:* Metering data was extracted from SAP based on work codes and projects. Data was then subject to SME review.

Estimated Information:

The methodology to allocate total Public Lighting Opex into Efficient Public Lighting and Non-Efficient Public Lighting is not considered to represent Estimated Information. This is on the basis of materiality - there isn't an alternative approach available which would provide materially different data.

9.5 TUoS Audit (t-2)

Preparation Methodology:

'TUOS charges (AEMO)' was populated based on AEMO monthly invoices.

To populate the table 'Transmission connection fees', a listing of connection fees was sourced from AusNet Electricity Services monthly invoices. No adjustments were required to be made to the fees.

Data reported as 'Cross boundary network charges' was sourced from invoices and supporting files.

- HV Crossings are receipts/payments for energy transferred utilising AusNet Services' HV and LV line assets /AusNet Services utilising other businesses HV and LV line assets.
- Sub-transmission Crossings are payments/receipts for the sub-transmission assets in shared loops that support each distributor's Zone Substation capacity to ensure N-1 reliability is maintained.
- TUoS Adjustment is payments/receipts for the adjustment of TUoS paid by a distributor for energy delivered to another distribution business through a shared loop.

The amounts (payable)/receivable from United Energy (Vic) are estimates based on and equal to 2015/16 completed payments. The (payable) and receivable amount for Jemena is based on metered data for each crossing. Essential Energy has not billed AusNet Electricity Services since May 2014 and the number provided is based on downloaded data from relevant meters and the Essential Energy rates for the relevant year. These amounts have been accrued for and therefore are considered Actual Information.

'Payments to embedded generators – avoided TUoS usage charges', the listing of projects is sourced from records of generators connected to the network. The charges for all projects are based on 6 months of Financial Year 1 July 2016 – 30 June 2017 actual charges for each projects as per the billing system and 6 months of Financial Year 1 July 2017 – 30 June 2018 to derive data for calendar year 2017. These amounts are considered Actual Information as there isn't an alternative approach that could be used to calculate the information reported.

Estimated Information:

Information reported is Actual information. No estimates were required.