

Annual Reporting RIN Basis of Preparation



Template 2.11 Labour

1 July 2017 to 30 June 2018



Version Control

Version	Date	Description
1.0	31/10/18	Final as submitted to AER on 31 October 2018

Foreword

In response to requirements of the Australian Energy Regulator's (AER) Annual Reporting Regulatory Information Notice (RIN), and specific to the information presented in Template 2.11 Labour of Ergon Energy's completed 2017-18 Annual Reporting RIN templates (17-18 AR RIN Templates), this Basis of Preparation document has been prepared by Ergon Energy with a view to:

- demonstrate how the information provided in relation to Template 2.11 Labour (and associated Tables and/or variables) is consistent with the requirements of this notice;
- explain the source from which Ergon Energy obtained the information provided in the template;
- explain the methodology Ergon Energy applied to provide the required information, including any assumptions Ergon Energy made.

In circumstances where Ergon Energy has provided input using Estimated information in relation to Template 2.11 Labour, Ergon Energy has made comment herein as to:

- why an estimate was required, including why it was not possible to use Actual Information;
- the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is the best estimate, given the information sought in the Notice; and
- what steps Ergon Energy is taking to ensure it can provide the information in the future.

No additional requirements were identified as requiring provision of additional information or attachment/s over and above completed templates of Basis of Preparation, in regards to Template 2.11 Labour.

This Basis of Preparation document should be read in conjunction with the information presented in Template 2.11 Labour in Ergon Energy's completed 17-18 AR RIN Templates.

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Template 2.11 Labour

Table 2.11.3.1 – Opex

Table 1 - Addressing Minimum BOP requirements

Minimum Requirements	Ergon Energy Response
Consistency with Notice requirements	<p>Ergon Energy has prepared information provided in Template 2.11 table 2.11.3.1 Opex for Current Year in accordance with the Notice requirements, including the Principles and Requirements set out in Appendix E and definitions in Appendix F to the Notice.</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice.</p> <p>Ergon Energy notes that Reconciliations with Opex Worksheets – Standard Control Service (SCS) is greyed out and automatically populated.</p> <p>Ergon Energy has populated all variables to include all expenditure used to deliver SCS that is associated with people.</p> <p>Labour expenditure relates to:</p> <ul style="list-style-type: none"> ▪ full time, part time and casual employees; ▪ ongoing and temporary employment contracts; ▪ labour hire contracts. <p>Labour expenditure includes wages, salaries, overtime payments, bonuses, allowances, incentive payments, superannuation, contributions, taxes (e.g payroll and fringe benefits taxes), termination and redundancy payments, workers compensation, training and study assistance, purchase made on behalf of employees (e.g protective clothing).</p> <p>Non-labour expenditure are those other than Labour Expenditure.</p>
Population of Actual Information in templates	Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.
Source of Actual Information	Ergon Energy has sourced data from the Ellipse General Ledger and Project Accounting Module for the relevant regulatory year.
Methodology and assumption's applied in relation to Actual Information	<p>Opex</p> <p>In-house labour expenditure</p> <p>In-house directly costed labour expenditure was calculated using general ledger codes. In addition, in-house labour expenditure included in network or corporate overheads was allocated to Opex and Capex proportionately with reference to the total allocation of network and corporate overheads.</p> <p>Labour expenditure outsourced to related parties</p> <p>For labour outsourced to SPARQ the General Ledger was queried to extract SPARQ labour costs. A percentage was then applied which represented the SCS percentage. The SCS percentage was</p>

Minimum Requirements	Ergon Energy Response
	<p>determined by analysis of all SPARQ related General Ledger transactions.</p> <p>For labour outsourced to Energy Queensland a review of all labour transactions in the General Ledger was performed to determine a percentage related to Energy Queensland. This percentage was then applied to total Opex labour to obtain an amount of Opex labour related to Energy Queensland.</p> <p>Labour expenditure outsourced to unrelated parties</p> <p>These were identified by general ledger codes established to record contractor expenditure. As the cost structure of external contractors is commercially sensitive to the contractors concerned this information was not obtainable. Accordingly, all contractor expenditure has been reported as being labour.</p> <p>Controllable non-labour expenditure</p> <p>Controllable non-labour expenditure were confirmed to represent all non-labour expenditure that is not Uncontrollable non-labour expenditure. Such costs include materials and fuels, insurance and guaranteed service level (GSL) payments.</p>
Population of Estimated Information in Templates	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
Why it was not possible to provide actual information, what steps have been taken to ensure it can provide the information in the future, the basis for the estimate, approach use, assumptions made and reasons why the estimate is best estimate given the information sought in this Notice.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
How Estimated Information has been produced.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Table 2.11.3.2 – Capex

Table 2- Addressing Minimum BOP requirements

Minimum Requirements	Addressing Basis of Preparation Requirements
Consistency with Notice requirements	<p>Ergon Energy has prepared information provided in Template 2.11 table 2.11.3.2 Capex for Current Year in accordance with the Notice requirements, including the Principles and Requirements set out in Appendix E and definitions in Appendix F to the Notice.</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice.</p> <p>Ergon Energy notes that Reconciliation with Capex and Opex Worksheets – SCS is greyed out and automatically populated.</p> <p>Ergon Energy has populated all variables to include all expenditure used to deliver standard control services that is associated with people.</p> <p>Labour expenditure relates to:</p> <ul style="list-style-type: none"> full time, part time and casual employees; ongoing and temporary employment contracts; labour hire contracts. <p>Labour expenditure includes wages, salaries, overtime payments, bonuses, allowances, incentive payments, superannuation, contributions, taxes (e.g payroll and fringe benefits taxes), termination and redundancy payments, workers compensation, training and study assistance, purchase made on behalf of employees (e.g protective clothing).</p> <p>Non-labour expenditure are those other than Labour Expenditure.</p>
Population of Actual Information in templates, including Source.	Refer to responses provided in relation to table 2.11.3.1 for source of information provided in response to Capex Labour.
Methodology and assumption's applied in relation to Actual Information	<p>Capex</p> <p>In-house labour expenditure</p> <p>In-house labour expenditure was calculated using general ledger codes that identify in-house labour expenditure. In addition, in-house labour included in network or corporate overheads was allocated to Opex and Capex proportionately with reference to the total allocation of network and corporate overheads.</p> <p>Labour expenditure outsourced to related parties</p> <p>For labour outsourced to Sparq, the General Ledger was queried to extract total Sparq labour costs against capex activities. An SCS percentage was then determined by analysis of all Sparq related General Ledger transactions and applied to the Sparq labour costs.</p> <p>For labour outsourced to Energy Queensland and Energex, a review of all labour transactions in the General Ledger was performed to determined a percentage related to Energy Queensland and Energex. This percentage was then applied to total Capex labour to obtain the amount of capex labour related to Energy Queensland.</p>

Minimum Requirements	Addressing Basis of Preparation Requirements
	<p>Labour expenditure outsourced to unrelated parties</p> <p>These were identified by general ledger codes established to record contractor expenditure. As the cost structure of external contractors is commercially sensitive to the contractors concerned this information has not been obtainable. Accordingly, all contractor expenditure has been reported as being labour.</p> <p>Controllable non-labour expenditure</p> <p>Controllable non-labour expenditure was confirmed to represent all non-labour expenditure that is not Uncontrollable non-labour expenditure. Such costs include materials and fuels, insurance and guaranteed service level (GSL) payments.</p> <p>Uncontrollable non-labour expenditure was all non-labour expenditure over which Ergon Energy has no control. Uncontrollable non labour expenditure is imposed by an independent (that is, not a related party to Ergon Energy) government body (federal, state or local) . Ergon Energy has no ability to influence any amount of the expenditure incurred by the manner in which Ergon Energy operates its business. Ergon Energy currently has no such expenditures.</p>
Population of Estimated Information in Templates	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
Why it was not possible to provide actual information, what steps have been taken to ensure it can provide the information in the future, the basis for the estimate, approach use, assumptions made and reasons why the estimate is best estimate given the information sought in this Notice.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
How Estimated Information has been produced.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Annual Reporting RIN Basis of Preparation



Template 3.6 Quality of Service

1 July 2017 to 30 June 2018



Version Control

Version	Date	Description
1.0	31/10/18	Final as submitted to AER on 31 October 2018

Foreword

In response to requirements of the Australian Energy Regulator's (AER) Annual Reporting Regulatory Information Notice (RIN), and specific to the information presented in Template 3.6 Quality of Service of Ergon Energy's completed 2017-18 Annual Reporting RIN templates (17-18 AR RIN Templates), Schedule 1 paragraph 1.1 (d) of the Notice requires Ergon Energy to provide a Basis of Preparation which must for all information provided in Appendix B::

- demonstrate how the information provided in relation to Template 3.6 Quality of Service (and associated Tables and/or variables) is consistent with the requirements of this notice ;
- explain the source from which Ergon Energy obtained the information provided in the template;
- explain the methodology Ergon Energy applied to provide the required information, including any assumptions Ergon Energy made.

In circumstances where Ergon Energy has provide input using Estimated information in relation to Template 3.6 Quality of Service, Ergon Energy has comment herein as to :

- why an estimate was required, including why it was not possible to use Actual Information;
- the basis for the estimate, including the approach used, assumption made and reasons why the estimate is a best estimate, given the information sought in the Notice; and
- what steps Ergon Energy is taking to ensure it can provide the information in the future.

No additional requirements were identified as requiring provision of additional information or attachment/s over and above completed templates or Basis or Preparation, in regards to Template 3.6 Quality of Service.

The Basis of Preparation document should be read in conjunction with the information presented in Template 3.6 Quality of Service in Ergon Energy's completed 17-18 AR RIN Templates.

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Template 3.6 Quality of Service

Note - Ergon Energy has not populated information in **Table 3.6.5 – Quality of Supply Metrics** which is greyed out and not for completion under the currently issued Annual Reporting RIN.

Table 3.6.6 – Complaints-Technical Quality of Supply

Table 1- Addressing Minimum BOP requirements

Minimum Requirements	Ergon Energy Response
Consistency with Notice requirements	<p>Ergon Energy has prepared the information provided in Template 3.6 Quality of Supply, Table 3.6.6 – Complaints – Technical Quality of Supply in accordance with the Notice requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the Notice.</p> <p>Under the current issue Annual Reporting RIN, Ergon Energy is only required to populate “Number of complaints - technical quality of supply” in table 3.6.6.1, with the remainder of Table 3.6.6 Complaints, greyed out and not for completion.</p>
Population of Actual Information in templates	Where information is provided it is done so in accordance with the AER’s definitions and applying the assumptions and methodology that is described within the Basis of Preparation.
Source of Actual Information	Ergon Energy has sourced complaint numbers data from the Cherwell application for the financial year 2017-18. This application is used for capturing all customer feedback, positive and negative.
Methodology and assumption’s applied in relation to Actual Information	<p>Ergon Energy has reported Customer Service complaints as sourced from the applicable system stated above, for the below categories of disaggregation:</p> <ul style="list-style-type: none"> ▪ Complaint - reliability of supply ▪ Complaint - technical quality of supply ▪ Complaint - administrative process or customer service ▪ Complaint - connection or augmentation ▪ Complaint - other <p>For the purposes of reporting customer complaints at the dissemination required Ergon Energy has filtered on all negative complaints and has mapped the RIN categories from the existing feedback subcategories.</p>
Population of Estimated Information in Templates	Not applicable, Ergon Energy has provided actual information in accordance with the AER’s definition.
Why it was not possible to provide actual information, what steps have been taken to ensure it can provide the information in the future, the basis for the estimate, approach use,	Not applicable, Ergon Energy has provided actual information in accordance with the AER’s definition.

Minimum Requirements	Ergon Energy Response
assumptions made and reasons why the estimate is best estimate given the information sought in this Notice.	
How Estimated Information has been produced.	Not applicable, Ergon Energy has provided actual information in accordance with the AER's definition.

Table 3.6.7 – Customer Service Metrics

Table 2- Addressing Minimum BOP requirements

Minimum Requirements	Ergon Energy Response
Consistency with Notice requirements	<p>Ergon Energy has prepared the information provided in Template 3.6 Quality of Supply, Table 3.6.7 Customer Service Metrics in accordance with the Notice requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the Notice.</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice.</p> <p>In accordance with the AER's clarification of the 23 February 2016, reporting in Table 3.6.7.2 Total Number of Streetlights has been reported as the total number of streetlights for which Ergon Energy has responsibility to maintain.</p> <p>Ergon Energy has not populated information in relation to Complaint – technical quality of supply (table 3.6.7.4) which is greyed out and not applicable to it for the regulatory control period.</p>
Population of Actual Information in templates	<p>Ergon Energy has provided actual information in Table 3.6.7 for the 2017-18 regulatory year for:</p> <p>3.6.7.1 Timely Provision of Services</p> <p>3.6.7.2 Timely repair of faulty street lights</p> <p>3.6.7.3 Call Centre Performance</p> <p>3.6.7.4 Number of Customer Complaints</p> <p>Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within the Basis of Preparation.</p>
Source of Actual Information in templates	<p>Ergon Energy has sourced data from:</p> <ul style="list-style-type: none"> Cherwell as the application capturing customer feedback (positive and negative). Ergon Energy maintains several systems in regards to work request and work tracking through Ellipse (Work Requests and Work Orders) and the Field Force Automation device (FFA Tool) (PLUMS database used to capture the entire number of

Minimum Requirements	Ergon Energy Response
	<p>unmetered connections (i.e. Streetlights) that are owned and maintained by Ergon Energy and third parties.</p>
<p>Methodology and assumption's applied in relation to Actual Information</p>	<p>Timely Provisions of Services (3.6.7.1)</p> <p>In relation to <i>Number of connections made</i> and <i>Number of connections not made on or before agreed date</i> - data provided is as per that sourced from Peace.</p> <p>Peace is our market transaction and process tracking system that, in this case, stores the service request data. Numbers provided relate specifically to New Connection service requests. Those not made on agreed date are defined as having a completion date after the obligation date.</p> <p>The use of DMK213: Completed NC & AA Service Orders vs Internal SLA Report.</p> <p>The report provides information on all Service Orders completed between nominated dates and includes information to enable management analyse performance with respect to Service Orders completed as a comparison:</p> <ul style="list-style-type: none"> ▪ Against the "Revised Obligation End Date (NC/SSWNC & AA)" if the NC/SSWNC/AA PTJ subclass has Comparison Type in SLA Matrix (DMK619) of "SCHEDDATE". ▪ Against the Market Obligation End Date if Comparison Type in SLA Matrix (DMK619) is "OBLIGDATE". <p>Exceptions;</p> <p><i>If there is a Customer agreed Appointment Date or an Obligation End Date changed with Reason of 'F2 Dates', 'Network Activity Req'd', 'Customer Agreed', 'Customer Requested', 'Natural Disaster', 'Further Documentation', 'Internal Appointment', 'Excluded Location', 'Dependency Other Request', 'Local Holiday', 'Traffic Permit' and this extends the SLA, then this date will be applied to SLA calculations</i></p> <p>Timely Repair of Faulty Street Lights (3.6.7.2)</p> <p>In relation to repair of of faulty street lights, all Work Orders, Work Requests and Field Force Automation (FFA) jobs created in 2017/18 were collated and cross referenced. Work Orders and FFA jobs were cleansed where:</p> <ul style="list-style-type: none"> ▪ Start dates were before 01/07/17 ▪ End dates still open at time of report run ▪ Work Order not corrective streetlight maintenance ▪ Work Order for multiple/ bulk repair / inspection ▪ Work Order cancelled ▪ Work Order duplicates existed <p>Work Order Start dates were calculated and cleansed by using a preference of: Work Request -Work Order – FFA Device as per the</p>

Minimum Requirements	Ergon Energy Response
	<p>system processes.</p> <p>Work Order End dates were calculated and cleansed by using a preference of FFA -Work Order – Work Request.</p> <p>In relation to Street lights - average monthly number "out", the total count of cleansed corrective streetlight maintenance work orders is divided by 12.</p> <p>In relation to Street lights - not repaired by "fix by" date, is a count of cleansed corrective streetlight maintenance work completed in greater than 5 days.</p> <p>In relation to Street lights - average number of days to repair, the average days to complete of cleansed corrective streetlight maintenance work orders was calculated.</p> <p>In relation to Total number of Streetlights – data is provided from the PLUMS database for the total count of Ergon Energy Owned & Operated and Gifted and Ergon Energy Operated streetlights at the end of FY 2017/18.</p> <p>Call Centre Performance (3.6.7.3)</p> <ul style="list-style-type: none"> <p>Calls to call centre fault line</p> <p>Calls to call centre fault line is the total number of calls to call centre fault line to be reported:</p> <p>(a) Including any answered by an automated response service and terminated without being answered by human operator; and</p> <p>(b) Excluding missed calls where the call centre fault line is overloaded.</p> <p><i>Data is sourced from Cisco Unified Intelligence Center (CUIC) which records all calls that are made to the Ergon fault lines.</i></p> <p>This allows Customer Operations to analyse call traffic for Ergon Energy inbound services such as 1300 and 13 numbers. It can be used to identify the number of telephone calls made to each telephone number. For the purposes of identifying the number of calls made to the Contact Centre's fault line this tool provides the relevant totals. The tool is able to identify between fault line calls and customer service calls, the latter is excluded for this requirement. The total includes all calls made, irrespective of whether the customer decided to speak with an operator or terminated the call whilst within the IVR system.</p> <p>The Report used:</p> <p>STPIS RIN Calls to Fault Line NORTHERN SOUTHERN Parameters: financial Year 2017-2018 Dates.</p> <p>The call total can then be entered into the parameters listed in Table 3.6.7.3 of the RIN.</p>

Minimum Requirements	Ergon Energy Response
	<ul style="list-style-type: none"> ▪ Calls to fault line answered within 30 seconds: <p>Ergon Energy provides a specific telephone line, which receives calls on 132296 and 131670, for electricity outage related calls. From 1 July 2017 to 30 June 2018, Ergon Energy used a telephone platform supplied by Cisco to route telephone calls. This system provided a mechanism to distribute calls to Customer Operations Officers in the Customer Operations Department and also enable reporting of call activity. Reportable items for both systems include but are not limited to:</p> <ul style="list-style-type: none"> ○ Recording volume of calls received at the call centre: ○ Recording the length of time between a caller entering the system and the call answered by an operator; and ○ Recording the length of time between a caller entering the system and the caller abandoning the call. <p>The Cisco platform data was extracted directly from the Cisco reporting system, Cisco Unified Intelligence Centre (CUIC) i.e. The STIPIS RIN Full Year NORTHERN SOUTHERN Report.</p> <p>The Daily Reporting of Calls:</p> <p>A report is run in this system on a daily basis which provides the number of calls presented to agents, including the number of calls answered within 30 seconds, with the output saved into a spreadsheet.</p> ▪ Calls to fault line – average waiting time before call answered: <p>As per the description of Cisco telephony platform above, the reporting system is able to provide details of the length of time between a caller entering the system and the call being answered by an operator. The Cisco reporting system, CUIC, has been used to extract this information. Average waiting time before call answered is the average time in seconds from when calls enter the system (including that time when a call may be ringing unanswered) and the caller speaks to a human operator or is connected to an interactive service that provides the information requested. The calculation for average wait time is total number of time waiting divided by total number of calls answered.</p> <p>The Report used to record average Waiting Time in 2017-2018 is the STIPIS RIN Full Year NORTHER SOUTHERN.</p> ▪ Call centre – number of overload events: <p>Following the implementation of new contact centre technology in May 2015 the provision of additional capacity for calls to be received in to the CISCO telephony platform was included in the design. This replaced the previous Telstra system which</p>

Minimum Requirements	Ergon Energy Response
	<p>diverted calls to a message when capacity in the preceding telephony platform was reached which was defined as being an overload event. There is therefore is no longer any calls classified as being part of an overload event since May 2015.</p> <ul style="list-style-type: none"> ▪ Calls Abandoned – percentage: <p>As per the description of the Cisco telephony platform above which explains the reporting systems ability to provide details of the number of calls where the caller abandons the call. The Cisco system the reporting system, CUIIC, has been used to extract this information. Calls abandoned include all calls received and queued for a response by a human operator but are abandoned before being answered by the operator. This includes those calls abandoned prior to 30 seconds.</p> <p><i>The calculation for percentage of calls abandoned is total number of calls abandoned divided by total number of calls offered *100</i></p> <p>The Report used the STIPIS RIN Full Year NORTHER SOUTHERNumber of customer complaints (3.6.7.4)</p> <p>Ergon Energy has reported Customer Service complaints as sourced from the above stated systems, for the below categories of disaggregation:</p> <ul style="list-style-type: none"> ▪ Complaint - reliability of supply ▪ Complaint - technical quality of supply ▪ Complaint - administrative process or customer service ▪ Complaint - connection or augmentation ▪ Complaint - other ▪ Total number of complaints <p>For the purposes of reporting customer complaints at the dissemination required Ergon Energy has filtered on all negative complaints and has mapped the RIN categories from the existing Cherwell subcategories.</p>
Population of Estimated Information in Templates	Ergon Energy has provided actual information
Why it was not possible to provide actual information, what steps have been taken to ensure it can provide the information in the future, the basis for the estimate, approach use, assumptions made and reasons why the estimate is best estimate given the information sought in this Notice.	Not Applicable
How Estimated Information has been produced.	Not Applicable

Annual Reporting RIN Basis of Preparation



Template 3.6.8 Network Feeders

1 July 2017 to 30 June 2018



Version Control

Version	Date	Description
1.0	31/10/18	Final as submitted to AER on 31 October 2018

Foreword

In response to requirements of the Australian Energy Regulator's (AER) Annual Reporting Regulatory Information Notice (RIN), and specific to the information presented in Template 3.6.8 Network Feeders of Ergon Energy's completed 2017-18 Annual Reporting RIN templates (17-18 AR RIN Templates), this Basis of Preparation document has been prepared by Ergon Energy with a view to:

- demonstrate how the information provided in relation to Template 3.6.8 Network Feeders (and associated Tables and/or variables) is consistent with the requirements of this notice;
- explain the source from which Ergon Energy obtained the information provided in the template;
- explain the methodology Ergon Energy applied to provide the required information, including any assumptions Ergon Energy made.

In circumstances where Ergon Energy has provided input using Estimated Information in relation to Template 3.6.8 Network Feeders, Ergon Energy has made comment herein as to :

- why an estimate was required, including why it was not possible to use Actual Information;
- the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is a best estimate, given the information sought in the Notice; and
- what steps Ergon Energy is taking to ensure it can provide the information in the future.

No additional requirements were identified as requiring provision of additional information or attachment/s over and above completed templates or Basis of Preparation, in regards to Template 3.6.8 Network Feeders.

This Basis of Preparation document should be read in conjunction with the information presented in Template 3.6.8 Network Feeders in Ergon Energy's completed 17-18 AR RIN Templates.

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Template 3.6.8 Network Feeders

Table 3.6.8 – Network Feeder Reliability

Minimum Requirements	Ergon Energy Response
Consistency with Notice requirements	<p>Ergon Energy has prepared the information provided in Template 3.6.8 Network Feeders, Table 3.6.8 – Network Feeder Reliability in accordance with the Notice requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the Notice.</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice.</p> <p>Ergon Energy has not populated information in relation to Momentary Feeder outages (MAIFI) which is greyed out and not applicable to it for the regulatory control period.</p>
Population of Actual Information in templates	<p>Ergon Energy has provided actual information for all information in Table 3.6.8 for the 2017-18 regulatory year.</p> <p>Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.</p>
Source of Actual Information	<p>Ergon Energy has sourced data from its internal outage management and asset management systems for the relevant regulatory year.</p> <p>Consumption for the "Energy Not Supplied" was sourced from the Network billing system Peace.</p>
Methodology and assumption's applied in relation to Actual Information	<p>As relevant Ergon Energy has also applied definitions and methodology as set out in the AER's <i>Electricity DNSPs, STPIS (November 2009)</i>, which remain applicable to Ergon Energy for the current regulatory control period.</p> <p>Feeder ID / Name is the unique ID as sourced from the FDRSTAT asset data.</p> <p>The interruptions data from FDRSTAT fits the following:</p> <ul style="list-style-type: none"> Financial Year 2017-18 (Between 1 July and 30 June) Include all distribution feeders that experienced completed sustained unplanned and planned interruptions (Interruptions greater that one minute) Include all active distribution feeders that did not experience any interruptions and that have customers attached to the feeder as at 30 June 2018 Feeder Classifications: Urban (UR), Short Rural (SR) & Long Rural (LR) <p>Description of the service area for the feeder is as per the Geographical location of Ergon Energy's legacy supply regions – i.e. FN (Far North), NQ (Northern Queensland), MK (Mackay), CA</p>

Minimum Requirements	Ergon Energy Response
	<p>(Capricornia), WB (Wide Bay), and SW (South West).</p> <p>Feeder classification are UR, SR or LR as per the definitions in Appendix A of the AER's Electricity DNSPs, STPIS (November 2009). Reporting is based on the feeder's classification the end of the regulatory year.</p> <p>Number of distribution customers on a feeder is calculated by adding the total of customers connected to the feeder at the beginning of the regulatory year (1 July) and the end of the regulatory year (30 June) and dividing the total by 2. If the feeder was only active for a short period throughout the year the customers were calculated by adding the total of customers connected to the feeder when the feeder became active in the regulatory year and when the feeder became inactive in the regulatory year and dividing the total by 2.</p> <p>A customer is defined as a premise having an assigned active NMI. Customer numbers are held in the ECORP database.</p> <p>Length of HV distribution lines [overhead] contains the total length in km of Ergon Energy owned, as constructed overhead conductors for each feeder.</p> <p>Length of HV distribution lines [underground] contains the total length in km of Ergon Energy owned, as constructed underground conductors for each feeder.</p> <p>NOTE - It should be noted that the totals of the above two line length data have no bearing on the feeder classifications assigned to the distribution feeders for 2017-18 reliability performance reporting. The line length data set for above is sourced from the Asset Data system and represents the network as it was configured at the end of the relevant regulatory year. The line length data that was utilised to assign feeder classifications is based on network as it was configured at the beginning of the relevant regulatory year.</p> <p>The maximum demand values on a distribution feeder during the regulatory year are provided in MVA. This is provided by Ergon Energy's System Development Group through the Current State Assessment report for distribution feeders. These are the MVA values that were utilised to assign the feeder classifications for the relevant regulatory year.</p> <p>Energy Not Supplied (unplanned and planned) has been calculated using data reported for Total unplanned/planned customer minutes off supply (Mins) (Column L and Q) multiplied by the average consumption by feeder (in minutes) sourced from Peace. This is in accordance with methodology (c) average consumption of customers on the feeder based on their billing history in the RIN definition for energy not supplied (unplanned). The calculations are based on current connectivity by feeder and not connectivity at the time of the outage. For some feeders that no longer active or have changed connectivity in the system ECORP the average consumption per minute over all feeders is used. The methodology adopted is irrespective of the time of day the outages</p>

Minimum Requirements	Ergon Energy Response
	<p>occurred.</p> <p>Total number of unplanned outages records the total number of completed sustained unplanned interruptions that occurred on that distribution feeder during the relevant regulatory year, inclusive of exclusions in accordance with clauses 3.3(a) & (b).</p> <p>Unplanned customer minutes off-supply (SAIDI) (including excluded events and MEDs) represents SAIDI calculated by the summated feeder unplanned customer minutes on the feeder for the year divided by the average number of customers on the feeder for the relevant regulatory year, inclusive of all exclusions in accordance with clauses 3.3(a) & (b).</p> <p>Unplanned customer minutes off-supply (SAIDI) (after removing excluded events and MED) represents: SAIDI calculated by the summated feeder unplanned customer minutes on the feeder for the year divided by the average number of customers on the feeder for the relevant regulatory year, after removing all exclusions in accordance with clauses 3.3(a) & (b).</p> <p>Unplanned interruptions (SAIFI) (including excluded events and MEDs) represents: SAIFI calculated by the summated feeder unplanned customer interruptions on the feeder for the year divided by the average number of customers on the feeder for the relevant regulatory year , inclusive of all exclusions in accordance with clauses 3.3(a) & (b).</p> <p>Unplanned interruptions (SAIFI) (after removing excluded events and MEDs) represents: SAIFI calculated by the summated feeder unplanned customer interruptions on the feeder for the year divided by the average number of customers on the feeder for the relevant regulatory year , after removing all exclusions in accordance with clauses 3.3(a) & (b).</p> <p>Total number of planned outages records the total number of completed sustained planned interruptions that occurred on the distribution feeder during the relevant regulatory year, inclusive of all exclusions in accordance with clauses 3.3(a) & (b).</p> <p>Planned customer minutes off-supply (SAIDI) (including MEDs) represents: SAIDI calculated by the summated feeder planned customer minutes on the feeder for the year divided by the average number of customers on the feeder for the relevant regulatory year, inclusive of all exclusions in accordance with clauses 3.3(b) (MEDs)..</p> <p>Planned customer minutes off-supply (SAIDI) (after removing MED) represents: SAIDI calculated by the summated feeder planned customer minutes on the feeder for the year divided by the average number of customers on the feeder for the relevant regulatory year, after removing all exclusions in accordance with clauses 3.3(b) (MEDs)..</p> <p>Planned interruptions (SAIFI) (including MEDs) represents: SAIFI calculated by the summated feeder planned customer interruptions on the feeder for the year divided by the average number of customers on</p>

Minimum Requirements	Ergon Energy Response
	<p>the feeder for the relevant regulatory year , inclusive of all exclusions in accordance with clauses 3.3(b) (MEDs)..</p> <p>Planned interruptions (SAIFI) (after removing MED) represents: SAIFI calculated by the summated planned feeder customer interruptions on the feeder for the year divided by the average number of customers on the feeder for the relevant regulatory year , after removing all exclusions in accordance with clauses 3.3(b) (MEDs).</p>
Population of Estimated Information in Templates	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
Why it was not possible to provide actual information, what steps have been taken to ensure it can provide the information in the future, the basis for the estimate, approach use, assumptions made and reasons why the estimate is best estimate given the information sought in this Notice.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
How Estimated Information has been produced.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Annual Reporting RIN Basis of Preparation



Template 3.6.9 Network Reliability

1 July 2017 to 30 June 2018



Version Control

Version	Date	Description
1.0	31/10/18	Final as submitted to AER on 31 October 2018

Foreword

In response to requirements of the Australian Energy Regulator's (AER) Annual Reporting Regulatory Information Notice (RIN), and specific to the information presented in Template 3.6.9 Network Feeder Reliability – Planned Outages of Ergon Energy's completed 2017-18 Annual Reporting RIN templates (17-18 AR RIN Templates), this Basis of Preparation document has been prepared by Ergon Energy with a view to:

- demonstrate how the information provided in relation to Template 3.6.9 Network Feeder Reliability – Planned Outages (and associated Tables and/or variables) is consistent with the requirements of this notice;
- explain the source from which Ergon Energy obtained the information provided in the template;
- explain the methodology Ergon Energy applied to provide the required information, including any assumptions Ergon Energy made.

In circumstances where Ergon Energy has provided input using Estimated Information in relation to Template 3.6.9 Network Reliability, Ergon Energy has made comment herein as to:

- why an estimate was required, including why it was not possible to use Actual Information;
- the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is a best estimate, given the information sought in the Notice; and
- what steps Ergon Energy is taking to ensure it can provide the information in the future.

No additional requirements were identified as requiring provision of additional information or attachment/s over and above completed templates or Basis of Preparation, in regards to Template 3.6.9 Network Feeder Reliability – Planned Outages.

This Basis of Preparation document should be read in conjunction with the information presented in Template 3.6.9 Network Feeder Reliability – Planned Outages in Ergon Energy's completed 17-18 AR RIN Templates.

Enquiries or further communications should be directed to:

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Template 3.6.9 Network Feeder Reliability – Planned Outages

Table 3.6.9.1 – Planned Minutes off Supply (SAIDI)

Table 1 - Addressing Minimum BOP requirements

Minimum Requirements	Ergon Energy Response
Consistency with Notice requirements	<p>Ergon Energy has prepared the information provided in Template 3.6.9 Network Feeder Reliability, Table 3.6.9.1 Planned Minutes of Supply (SAIDI) in accordance with the Notice requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the Notice.</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice.</p> <p>Ergon Energy has not populated information in relation to CBD which is greyed out and not applicable to it for the regulatory control period.</p>
Population of Actual Information in templates	<p>Ergon Energy has provided actual information in Table 3.6.9.1 for the 2017-18 regulatory year.</p> <p>Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.</p>
Source of Actual Information	Ergon Energy has sourced data from its internal outage management and asset management systems for the relevant regulatory year.
Methodology and assumption's applied in relation to Actual Information	<p>3.6.9 - NETWORK FEEDER RELIABILITY - PLANNED OUTAGES 3.6.9.1 - PLANNED MINUTES OFF SUPPLY (SAIDI) SAIDI for each feeder classification are calculated based on the following criteria:</p> <ul style="list-style-type: none"> Financial Year 2017-18 (Between 1 July and 30 June) Completed planned sustained interruptions Feeder Classifications: Urban (UR), Short Rural (SR) & Long Rural (LR) SAIDI calculation - Customer minutes DIVDED BY average number of customers <p>Inclusive of the following exclusions</p> <ul style="list-style-type: none"> STPIS MED's (Exemption clause: 3.3 (b)) Generation (Exemption clause: 3.3 (a) (2 or 3)) Shared Transmission (Exemption clause: 3.3 (a) (5)) Jurisdictional obligation or right (Exemption clause: 3.3 (a) (7))
Population of Estimated Information in Templates	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
Why it was not possible to provide actual information, what steps have been taken to ensure it can provide the information in	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Minimum Requirements	Ergon Energy Response
the future, the basis for the estimate, approach use, assumptions made and reasons why the estimate is best estimate given the information sought in this Notice.	
How Estimated Information has been produced.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Table 3.6.9.2 – Planned Interruptions to Supply (SAIFI)

Table 2 - Addressing Minimum BOP requirements

Addressing Basis of Preparation Requirements	
Consistency with Notice requirements	<p>Ergon Energy has prepared the information provided in Template 3.6.9 Network Feeder Reliability, Table 3.6.9.2 Planned Interruptions to Supply (SAIFI) in accordance with the Notice requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the Notice.</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice.</p> <p>Ergon Energy has not populated information in relation to CBD which is greyed out and not applicable to if for the regulatory control period.</p>
Population of Actual Information in templates	<p>Ergon Energy has provided actual information in Table 3.6.9.2 for the 2017-18 regulatory year.</p> <p>Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.</p>
Source of Actual Information	Ergon Energy has sourced data from its internal outage management and asset management systems for the relevant regulatory year.
Methodology and assumption's applied in relation to Actual Information	<p>3.6.9 - NETWORK FEEDER RELIABILITY - PLANNED OUTAGES 3.6.9.2 - PLANNED INTERRUPTIONS OFF SUPPLY (SAIFI) SAIFI for each feeder classification are calculated based on the following criteria:</p> <ul style="list-style-type: none"> Financial Year 2017-18 (Between 1 July and 30 June) Completed planned sustained interruptions Feeder Classifications: UR, (SR) & LR SAIFI calculation - Customer interruptions DIVDED BY average number of customers <p>Inclusive of the following exclusions</p> <ul style="list-style-type: none"> STPIS MED's (Exemption clause: 3.3 (b)) Generation (Exemption clause: 3.3 (a) (2 or 3)) Shared Transmission (Exemption clause: 3.3 (a) (5)) Jurisdictional obligation or right (Exemption clause: 3.3 (a) (7))

Addressing Basis of Preparation Requirements	
Population of Estimated Information in Templates	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
Why it was not possible to provide actual information, what steps have been taken to ensure it can provide the information in the future, the basis for the estimate, approach use, assumptions made and reasons why the estimate is best estimate given the information sought in this Notice.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
How Estimated Information has been produced.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Annual Reporting RIN Basis of Preparation



Template 6.2 STPIS Reliability

1 July 2017 to 30 June 2018



Version Control

Version	Date	Description
1.0	31/10/18	Final as submitted to AER on 31 October 2018

Foreword

In response to requirements of the Australian Energy Regulator's (AER) Annual Reporting Regulatory Information Notice (RIN), and specific to the information presented in Template 6.2 STPIS Reliability of Ergon Energy's completed 2017-18 Annual Reporting RIN templates (17-18 AR RIN Templates), this Basis of Preparation document has been prepared by Ergon Energy with a view to:

- demonstrate how the information provided in relation to Template 6.2 STPIS Reliability (and associated Tables and/or variables) is consistent with the requirements of this notice;
- explain the source from which Ergon Energy obtained the information provided in the template;
- explain the methodology Ergon Energy applied to prove the required information, including any assumptions Ergon Energy made.

In circumstances where Ergon Energy has provided input using Estimated Information in relation to Template 6.2 STPIS Reliability, Ergon Energy has made comment herein as to :

- why an estimate was required, including why it was not possible to use Actual Information;
- the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is a best estimate, given the information sought in the Notice; and
- What steps Ergon Energy is taking to ensure it can provide the information in the future.

No additional requirements were identified as requiring provision for additional information or attachment/s over and above completed templates or Basis of Preparation, in regards to Template 6.2 STPIS Reliability.

The Basis of Preparation document should be read in conjunction with the information presented in Template 6.2 STPIS Reliability in Ergon Energy's completed 17-18 AR RIN Templates.

Enquiries or further communications should be directed to:

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Template 6.2 STPIS Reliability

Note: Ergon Energy has not populated information in relation to Unplanned Momentary Feeder outages (MAIFI) in table 6.2.3 which is greyed out and not applicable to it for the regulatory control period.

Table 6.2.1 – Unplanned Minutes off Supply (SAIDI)

Table 1 - Addressing Minimum BOP requirements

Minimum Requirements	Ergon Energy Response
Consistency with Notice requirements	<p>Ergon Energy has prepared information provided in Template 6.2 table 6.2.1 unplanned minutes of supply for current year in accordance with the Notice requirement, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the Notice.</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice.</p> <p>Ergon Energy has not populated information in relation to CBD which is greyed out and not applicable to it for the regulatory control period.</p>
Population of Actual Information in templates	Ergon Energy has provided actual information in Table 6.2.1 for the 2017-18 regulatory year. Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.
Source of Actual Information	Ergon Energy has sourced data from its internal outage management and asset management systems for the relevant regulatory year.
Methodology and assumption's applied in relation to Actual Information	<p>Distribution Feeders are classified as UR, SR or LR as per the definitions in Appendix A of the AER's Electricity Distribution Network Service Providers (DNSPs), Service Target Performance Incentive Scheme (STPIS) (November 2009). Reporting is based on the feeder's classification at the end of the relevant regulatory year as at 30 June.</p> <p>An event caused by a customer's electrical installation or failure of that electrical installation which only affects supply to that customer is not deemed an interruption as defined, "A sustained interruption is any loss of electricity supply to a customer associated with an outage of any part of the electricity supply network" STPIS 2009 and CA RIN Appendix E 18.2]. These events have been confirmed through site inspection to have resulted from faults and failures within the customer's installation and as such are considered to be an event beyond the boundary of the electricity supply network and therefore excluded from Ergon Energy reported reliability performance under the STPIS.</p> <p>Exclusions are applied in accordance with clauses 3.3(a) & (b) of the AER's STPIS scheme for Electricity DNSPs (November 2009), being</p> <ul style="list-style-type: none"> STPIS MED's clause 3.3(b)

Minimum Requirements	Ergon Energy Response
	<ul style="list-style-type: none"> ▪ Generation (Exemption clause: 3.3 (a) (2 or 3)) ▪ Shared Transmission (Exemption clause: 3.3 (a) (5)) ▪ Jurisdictional obligation or right (Exemption clause: 3.3 (a) (7)) ▪ Customer Installation Faults/Failures which reside beyond the electricity supply network <p>Whole of Network statistics (in the absence of specification) were assumed to encompass the summation of Urban (UR), Short Rural (SR) & Long Rural (LR) (customer minutes, customer interruptions and customer numbers).</p> <p>6.2.1 - UNPLANNED MINUTES OFF SUPPLY (SAIDI) Total sustained minutes off supply SAIDI for each feeder classification are calculated based on the following criteria:</p> <ul style="list-style-type: none"> ▪ Financial Year 2017-18 (Between 1 July and 30 June) ▪ Completed unplanned sustained interruptions ▪ Feeder Classifications: UR, SR & LR ▪ Feeder Classification: Whole of network(summation of UR, SR & LR) ▪ SAIDI calculation - Customer minutes DIVDED BY average number of customers <p>Inclusive of the following exclusions</p> <ul style="list-style-type: none"> ▪ STPIS MED's (Exemption clause: 3.3 (b)) ▪ Generation (Exemption clause: 3.3 (a) (2 or 3)) ▪ Shared Transmission (Exemption clause: 3.3 (a) (5)) ▪ Jurisdictional obligation or right (Exemption clause: 3.3 (a) (7)) ▪ Customer installation faults/failures which reside beyond the electricity supply network <p>6.2.1 - UNPLANNED MINUTES OFF SUPPLY (SAIDI) Total of excluded events*see 3.3 of STPIS SAIDI for each feeder classification based on the following criteria:</p> <ul style="list-style-type: none"> ▪ Financial Year 2017-18 (Between 1 July and 30 June) ▪ Completed unplanned sustained interruptions ▪ Feeder Classifications: UR, SR & LR ▪ Feeder Classification: Whole of network(summation of UR, SR & LR) ▪ SAIDI calculation - Customer minutes DIVDED BY average number of customers <p>For the following Excluded Events</p> <ul style="list-style-type: none"> ▪ STPIS MED's (Exemption clause: 3.3 (b)) ▪ Generation (Exemption clause: 3.3 (a) (2 or 3)) ▪ Shared Transmission (Exemption clause: 3.3 (a) (5)) ▪ Jurisdictional obligation or right (Exemption clause: 3.3 (a) (7)) ▪ Customer installation faults/failures which reside beyond the electricity supply network

Minimum Requirements	Ergon Energy Response
	<p>6.2.1 - UNPLANNED MINUTES OFF SUPPLY (SAIDI)</p> <p>Total sustained minutes off supply after removing excluded events</p> <p>SAIDI for each feeder classification was calculated based on the following criteria:</p> <ul style="list-style-type: none"> Financial Year 2017-18 (Between 1 July and 30 June) Completed unplanned sustained interruptions Feeder Classifications: UR, SR & LR Feeder Classification: Whole of network(summation of UR, SR & LR) SAIDI calculation - Customer minutes DIVDED BY average number of customers <p>The following exclusions removed:</p> <ul style="list-style-type: none"> STPIS MED's (Exemption clause: 3.3 (b)) Generation (Exemption clause: 3.3 (a) (2 or 3)) Shared Transmission (Exemption clause: 3.3 (a) (5)) Jurisdictional obligation or right (Exemption clause: 3.3 (a) (7)) Customer installation faults/failures which reside beyond the electricity supply network
Population of Estimated Information in Templates.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
Why it was not possible to provide actual information, what steps have been taken to ensure it can provide the information in the future, the basis for the estimate, approach use, assumptions made and reasons why the estimate is best estimate given the information sought in this Notice	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
How Estimated Information has been produced.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Table 6.2.2 – Unplanned Interruptions to Supply (SAIFI)

Table 2 - Addressing Minimum BOP requirements

Minimum Requirements	Ergon Energy Response
Consistency with Notice requirements	<p>Ergon Energy has prepared information provided in Template 6.2 table 6.2.2 Unplanned Interruptions to Supply (SAIFI) for Current Year in accordance with the Notice requirement, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the Notice.</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice.</p>

Minimum Requirements	Ergon Energy Response
	Ergon Energy has not populated information in relation to CBD which is greyed out and not applicable to it for the regulatory control period.
Population of Actual Information in templates	Ergon Energy has provided actual information in Table 6.2.2 for the 2017-18 regulatory year. Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.
Source of Actual Information	Ergon Energy has sourced data from its internal outage management and asset management systems for the relevant regulatory year.
Methodology and assumption's applied in relation to Actual Information	<p>Distribution Feeders are classified as UR, SR or LR as per the definitions in Appendix A of the AER's Electricity DNSPs, STPIS (November 2009). Reporting is based on the feeder's classification at the end of the relevant regulatory year as at 30 June.</p> <p>An event caused by a customer's electrical installation or failure of that electrical installation which only affects supply to that customer is not deemed an interruption as defined, "A sustained interruption is any loss of electricity supply to a customer associated with an outage of any part of the electricity supply network" STPIS 2009 and CA RIN Appendix E 18.2]. These events have been confirmed through site inspection to have resulted from faults and failures within the customer's installation and as such are considered to be an event beyond the boundary of the electricity supply network and therefore excluded from Ergon Energy reported reliability performance under the STPIS.</p> <p>Exclusions are applied in accordance with clauses 3.3(a) & (b) of the AER's Electricity DNSPs, STPIS (November 2009), being</p> <ul style="list-style-type: none"> ▪ STPIS MED's (Exemption clause: 3.3 (b)) ▪ Generation (Exemption clause: 3.3 (a) (2 or 3)) ▪ Shared Transmission (Exemption clause: 3.3 (a) (5)) ▪ Jurisdictional obligation or right (Exemption clause: 3.3 (a) (7)) ▪ Customer Installation Faults/Failures which reside beyond the electricity supply network <p>Whole of Network statistics (in the absence of specification) were assumed to encompass the summation of UR, SR & LR (customer minutes, customer interruptions and customer numbers).</p> <p>6.2.2 - UNPLANNED INTERRUPTIONS TO SUPPLY (SAIFI) Total sustained interruptions SAIFI for each feeder classification are calculated based on the following criteria:</p> <ul style="list-style-type: none"> ▪ Financial Year 2017-18 (Between 1 July and 30 June) ▪ Completed unplanned sustained interruptions ▪ Feeder Classifications: UR, SR & LR ▪ Feeder Classification: Whole of network(summation of UR, SR & LR) ▪ SAIFI calculation – Customer interruptions minutes DIVDED BY

Minimum Requirements	Ergon Energy Response
	<p>average number of customers</p> <p>Inclusive of the following exclusions</p> <ul style="list-style-type: none"> STPIS MED's (Exemption clause: 3.3 (b)) Generation (Exemption clause: 3.3 (a) (2 or 3)) Shared Transmission (Exemption clause: 3.3 (a) (5)) Jurisdictional obligation or right (Exemption clause: 3.3 (a) (7)) Customer installation faults/failures which reside beyond the electricity supply network <p>6.2.1 - UNPLANNED INTERRUPTIONS OFF SUPPLY (SAIFI) Total of excluded events*see 3.3 of STPIS</p> <p>SAIFI for each feeder classification based on the following criteria:</p> <ul style="list-style-type: none"> Financial Year 2017-18 (Between 1 July and 30 June) Completed unplanned sustained interruptions Feeder Classifications: UR, SR & LR Feeder Classification: Whole of network(summation of UR, SR & LR) SAIFI calculation - Customer interruptions DIVDED BY average number of customers <p>For the following Excluded Events</p> <ul style="list-style-type: none"> STPIS MED's (Exemption clause: 3.3 (b)) Generation (Exemption clause: 3.3 (a) (2 or 3)) Shared Transmission (Exemption clause: 3.3 (a) (5)) Jurisdictional obligation or right (Exemption clause: 3.3 (a) (7)) Customer installation faults/failures which reside beyond the electricity supply network <p>6.2.1 - UNPLANNED INTERRUPTIONS OFF SUPPLY (SAIFI) Total sustained interruptions off supply after removing excluded events</p> <p>SAIFI for each feeder classification was calculated based on the following criteria:</p> <ul style="list-style-type: none"> Financial Year 2017-18 (Between 1 July and 30 June) Completed unplanned sustained interruptions Feeder Classifications: UR, SR & LR Feeder Classification: Whole of network(summation of UR, SR & LR) SAIFI calculation - Customer interruptions DIVDED BY average number of customers <p>Exclusive of the following exclusions:</p> <ul style="list-style-type: none"> STPIS MED's (Exemption clause: 3.3 (b)) Generation (Exemption clause: 3.3 (a) (2 or 3)) Shared Transmission (Exemption clause: 3.3 (a) (5)) Jurisdictional obligation or right (Exemption clause: 3.3 (a) (7)) Customer installation faults/failures which reside beyond the electricity supply network

Minimum Requirements	Ergon Energy Response
Population of Estimated Information in Templates	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
Why it was not possible to provide actual information, what steps have been taken to ensure it can provide the information in the future, the basis for the estimate, approach use, assumptions made and reasons why the estimate is best estimate given the information sought in this Notice.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
How Estimated Information has been produced.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Table 6.2.4 – Distribution Customer Numbers

Table 3 - Addressing Minimum BOP requirements

	Addressing Basis of Preparation Requirements
Consistency with Notice requirements	<p>Ergon Energy has prepared information provided in Template 6.2 table 6.2.4 Distribution Customer Numbers for Current Year in accordance with the Notice requirement, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the Notice.</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice.</p> <p>Ergon Energy has not populated information in relation to CBD and all variables relating to "Average customer numbers", which are greyed out and not applicable to it under the RIN issued.</p>
Population of Actual Information in templates	<p>Ergon Energy has provided actual information in Table 6.2.4 for the 2017-18 regulatory year.</p> <p>Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.</p>
Source of Actual Information	Ergon Energy has sourced data from its internal outage management and asset management systems for the relevant regulatory year.
Methodology and assumption's applied in relation to Actual Information	<p>Customer numbers at the start of the reporting period is the number of Customers (by feeder), measured on the first day of the Relevant Regulatory Year.</p> <p>Customer numbers at the end of the reporting period is the number of Customers (by feeder), measured on the last day of the Relevant Regulatory Year.</p> <p>A Customer is a distribution customer (with active accounts) with an active National Metering Identifier (NMI) i.e. inactive accounts are</p>

Addressing Basis of Preparation Requirements	
	<p>excluded.</p> <p>Note: the whole of network customer number represents the sum of the total numbers of the customers on all three feeder classifications (UR, SR and LR) for each of the start and end of the report period.</p> <p>The (greyed out) number of distribution customers is calculated as the average of the number of customers at the beginning of the reporting period and the number of customers at the end of the reporting</p> <p>Furthermore, the (greyed out) calculated average number of distribution customers for whole of network is the average of the total numbers of customers on all three feeder classifications (UR, SR and LR) at the beginning of the reporting period (1 July) and the total number of customers at the end of the reporting period (30 June).</p>
Population of Estimated Information in Templates	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
Why it was not possible to provide actual information, what steps have been taken to ensure it can provide the information in the future, the basis for the estimate, approach use, assumptions made and reasons why the estimate is best estimate given the information sought in this Notice.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
How Estimated Information has been produced.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Annual Reporting RIN Basis of Preparation



Template 6.6 STPIS Customer Service

1 July 2017 to 30 June 2018



Version Control

Version	Date	Description
1.0	31/10/18	Final as submitted to AER on 31 October 2018

Foreword

In response to requirements of the Australian Energy Regulator's (AER) Annual Reporting Regulatory Information Notice (RIN), and specific to the information presented in Template 6.6 STPIS Customer Service of Ergon Energy's completed 2017-18 Annual Reporting RIN templates (17-18 AR RIN Templates), this Basis of Preparation document has been prepared by Ergon Energy with a view to:

- demonstrate how the information provided in relation to Template 6.6 STPIS Customer Service(and associated Tables and/or variables) is consistent with the requirements of this notice;
- explain the source from which Ergon Energy obtained the information provided in the template;
- explain the methodology Ergon Energy applied to provide the required information, including any assumptions Ergon Energy made.

In circumstances where Ergon Energy has provided input using Estimated Information in relation to Template 6.6 STPIS Customer Service, Ergon Energy has made comment herein as to :

- why an estimate was required, including why it was not possible to use Actual Information;
- the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is a best estimate, given the information sought in the Notice; and
- what steps Ergon Energy is taking to ensure it can provide the information in the future.

No additional requirements were identified as requiring provision for additional information or attachment/s over and above completed templates or Basis of Preparation, in regards to Template 6.6 STPIS Customer Service.

The Basis of Preparation document should be read in conjunction with the information presented in Template 6.6 STPIS Customer Service in Ergon Energy's completed 17-18 AR RIN Templates.

Enquiries or further communications should be directed to:

Jenny Doyle
 General Manager Regulation & Pricing
 Email: jenny.doyle@energyq.com.au
 Phone: (07) 3851 6416
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Template 6.6 STPIS Customer Service

Table 6.6.1 – Telephone Answering

Table 1 - Addressing Minimum BOP requirements

Minimum Requirements	Ergon Energy Response
Consistency with Notice requirements	<p>Ergon Energy has prepared the information provided in Template 6.6 STPIS Customer Service, Table 6.6.1 Telephone Answering in accordance with the Notice requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the Notice.</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice.</p> <p>Ergon Energy has not populated information in relation to “Percentage of calls answered within 30 seconds” relative to the “Number of calls after removing excluded events” which is greyed out as an automated field.</p>
Population of Actual Information in templates	<p>Ergon Energy has provided actual information in Table 6.6.1 for the 2017-18 Regulatory Year.</p> <p>Where information is provided it is done so in accordance with the AER’s definitions and applying the assumptions and methodology that is described within this Basis of Preparation.</p>
Source of Actual Information	<p>Ergon Energy provides a specific telephone line, which receives calls on 132296 and 131670, for electricity outage related calls. Between 1 July 2017 and 30 June 2018 Ergon Energy used a telephony platform supplied by Cisco.</p> <p>This system provides a mechanism to distribute calls to Customer Operations Officers in the Customer Operations Department and also enable reporting of call activity. Reportable items for this system includes but are not limited to:</p> <ul style="list-style-type: none"> ▪ Recording volume of calls received at the call centre; ▪ Recording the length of time between a caller entering the system and the call answered by an operator; and ▪ Recording the length of time between a caller entering the system and the caller abandoning the call. <p>The system plays an Interactive Voice Recording (IVR) message prior to queuing the call for response by an operator. As stipulated in Appendix A of the Service Target Performance Incentive Scheme (STPIS), the time measured for a call begins after the caller decides to remain on the line after the IVR message is played.</p> <p>Ergon Energy has sourced data from its Cisco reporting system, Cisco Unified Intelligence Centre (CUIC).</p>
Methodology and assumption’s applied in relation to Actual Information	<p>A report is run in CUIC on a daily basis which provides the number of calls presented to agents with the output saved into a spreadsheet.</p> <p>It should be noted that total calls for the purpose of calculating STPIS grade of service are based on calls queued to agents only and does not include calls terminated by customers as the result of listening to a message</p>

Minimum Requirements	Ergon Energy Response
	<p>through an automated response service.</p> <p>Where major event days (MED) have been declared these dates have been entered in the relevant monthly tab with formulas in place to exclude the calls for these dates from the STPIS calculations. Calls related to specific excluded outages, as outlined in Appendix F of the Notice, are not removed as it is not possible to identify the exact number of calls generated as a result of a particular outage in the CISCO telephony system.</p> <p>All monthly totals are shown on the “YTD Summary” tab of the main spreadsheet with annual totals for all calls and calls with MED approved exclusions removed.</p>
Population of Estimated Information in Templates	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER’s definition.
Why it was not possible to provide actual information, what steps have been taken to ensure it can provide the information in the future, the basis for the estimate, approach use, assumptions made and reasons why the estimate is best estimate given the information sought in this Notice.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER’s definition.
How Estimated Information has been produced.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER’s definition.

Annual Reporting RIN Basis of Preparation



Template 6.7 STPIS Daily Performance

1 July 2017 to 30 June 2018



Version Control

Version	Date	Description
1.0	31/10/18	Final as submitted to AER on 31 October 2018

Foreword

In response to requirements of the Australian Energy Regulator's (AER) Annual Reporting Regulatory Information Notice (RIN), and specific to the information presented in Template 6.7 STPIS Daily Performance of Ergon Energy's completed 2017-18 Annual Reporting RIN templates (17-18 AR RIN Templates), this Basis of Preparation document has been prepared by Ergon Energy with a view to:

- demonstrate how the information provided in relation to Template 6.7 STPIS Daily Performance (and associated Tables and/or variables) is consistent with the requirements of this notice;
- explain the source from which Ergon Energy obtained the information provided in the template;
- explain the methodology Ergon Energy applied to provide the required information, including any assumptions Ergon Energy made.

In circumstances where Ergon Energy has provided input using Estimated information in relation to Template 6.7 STPIS Daily Performance, Ergon Energy has made comment herein as to :

- why an estimate was required, including why it was not possible to use Actual Information;
- the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is a best estimate, given the information sought in the Notice; and
- what steps Ergon Energy is taking to ensure it can provide the information in the future.

No additional requirements were identified as requiring provision of additional information or attachment/s over and above completed templates or Basis of Preparation, in regards to Template 6.7 STPIS Daily Performance.

The Basis of Preparation document should be read in conjunction with the information presented in Template 6.7 STPIS Daily Performance in Ergon Energy's completed 17-18 AR RIN Templates.

Enquiries or further communications should be directed to:

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Template 6.7 STPIS Daily Performance

Table 6.7.1 – Daily Performance Data - Unplanned

Table 6.7.1: Daily Performance Data - Unplanned

Minimum Requirements	Ergon Energy Response
Consistency with Notice requirements	<p>Ergon Energy has prepared information provided in Template 6.7 table 6.7.1 Daily Performance Data - Unplanned for Current Year in accordance with the Notice requirements, including the Principles and Requirements set out in Appendix B (template), Appendix A and definitions in Appendix F to the Notice.</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice.</p> <p>Ergon Energy has not populated information in relation to MAIFI which is greyed out and not applicable to it for the regulatory control period.</p>
Population of Actual Information in templates	<p>Ergon Energy has provided actual information in Table 6.7.1 for the 2017-18 regulatory year. Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.</p>
Source of Actual Information	<p>Ergon Energy has sourced data from its Cisco reporting system, Cisco Unified Intelligence Centre (CUIC).</p> <p>Ergon Energy provides a specific telephone line, which receives calls on 132296 and 131670, for electricity outage related calls. Between 1 July 2017 and 30 June 2018 Ergon Energy used a telephony platform supplied by Cisco. This system provides a mechanism to distribute calls to Customer Operations Officers in the Customer Operations Department and also enable reporting of call activity. Reportable items for this system includes but is not limited to:</p> <ul style="list-style-type: none"> Recording volume of calls received at the call centre; Recording the length of time between a caller entering the system and the call answered by an operator; and Recording the length of time between a caller entering the system and the caller abandoning the call. <p>The system plays an Interactive Voice Recording (IVR) message prior to queuing the call for response by an operator. As stipulated in Appendix A of the Service Target Performance Incentive Scheme (STPIS), the time measured for a call begins after the caller decides to remain on the line after the IVR is played.</p> <p>Data was extracted directly from the Cisco reporting system, Cisco Unified Intelligence Centre (CUIC).</p>
Methodology and assumption's applied in relation to Actual	<p>A report is run in CUIC on a daily basis to provide the number of calls presented to agents with the output saved into a</p>

Minimum Requirements	Ergon Energy Response
Information	<p>spreadsheet..</p> <p>It should be noted that total calls for the purpose of calculating STPIS grade of service are based on calls queued to agents only and does not include calls terminated by customers as the result of listening to a message.</p> <p>Where major event days (MED) have been declared these dates have been entered in the relevant monthly tab with formulas in place to exclude these calls from the STPIS calculations. Calls related to specific excluded outages, as outlined in Appendix F of the Notice, are not removed as it is not possible to identify the exact number of calls related to particular outages in the CISCO telephony system.</p> <p>All daily totals are shown in each of the monthly tabs of the main spreadsheet and enable entry of daily data to be entered into the parameters listed in Table 6.7.1, being:</p> <ul style="list-style-type: none"> ▪ Number of calls received (after removing excluded events) ▪ Number of calls answered in 30 seconds (after removing excluded events)
Population of Estimated Information in Templates	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition
Why it was not possible to provide actual information, what steps have been taken to ensure it can provide the information in the future, the basis for the estimate, approach use, assumptions made and reasons why the estimate is best estimate given the information sought in this Notice.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
How Estimated Information has been produced.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Annual Reporting RIN Basis of Preparation



Template 6.9 STPIS-GSL
1 July 2017 to 30 June 2018



Version Control

Version	Date	Description
1.0	31/10/18	Final as submitted to AER on 31 October 2018

Foreword

In response to requirements of the Australian Energy Regulator's (AER) Annual Reporting Regulatory Information Notice (RIN), and specific to the information presented in Template 6.9 STPIS GSL of Ergon Energy's completed 2017-18 Annual Reporting RIN templates (17-18 AR RIN Templates), this Basis of Preparation document has been prepared by Ergon Energy with a view to:

- demonstrate how the information provided in relation to Template 6.9 STPIS GSL (and associated Tables and/or variables) is consistent with the requirements of this notice;
- explain the source from which Ergon Energy obtained the information provided in the template;
- explain the methodology Ergon Energy applied to provide the required information, including any assumptions Ergon Energy made.

In circumstances where Ergon Energy has provided input using Estimated Information in relation to Template 6.9 STPIS GSL, Ergon Energy has made comment herein as to:

- why an estimate was required, including why it was not possible to use Actual Information;
- the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is a best estimate, given the information sought in the Notice; and
- what steps Ergon Energy is taking to ensure it can provide information in the future.

No additional requirements were identified as requiring provision of additional information or attachment/s over and above completed templates or Basis of Preparation, in regards to Template 6.9 STPIS GSL.

This Basis of Preparation document should be read in conjunction with the information presented in Template 6.9 STPIS GSL in Ergon Energy's completed 17-18 AR RIN Templates.

Enquiries or further communications should be directed to:

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Template 6.9 STPIS GSL

Table 6.9.1 – Guaranteed Service Levels – Jurisdictional GSL Scheme

Table 1 - Addressing Minimum BOP requirements

Minimum Requirements	Ergon Energy Response
Consistency with Notice requirements	<p>Ergon Energy has prepared information provided in Template 6.9 STPIS GSL, Table 6.9.1 Guaranteed Service Levels – Jurisdictional GSL Scheme in accordance with the Notice requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the Notice.</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice.</p> <p>Ergon Energy has not populated information in relation to Guaranteed Service Levels – AER GSL Scheme which is greyed out and not applicable to if for the regulatory control period.</p> <p>Where GSL parameters that do not fit within the provided sub-tables provided, headings have been entered and the relevant parameter(s) identified.</p>
Population of Actual Information in templates	<p>Ergon Energy has provided actual information in Table 6.9.1 for the 2017-18 regulatory year.</p> <p>Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.</p>
Source of Actual Information	<p>Ergon Energy has sourced data from Cherwell for the financial year 2017-18.</p> <p>DMK530 GSL Report: Claims Period Reporting</p>
Methodology and assumption's applied in relation to Actual Information	<p>Section 2.4.2(a) of the Queensland Electricity Distribution Network Code (EDNC) requires distributors to provide the Queensland Competition Authority (QCA) within two months of each quarter, a report detailing compliance with the GSL outlined in clause 2.3 of the EDNC.</p> <p>Data presented to the AER in meeting requirements of Template 6.9.1 Guaranteed Service Levels – Jurisdictional GSL Scheme have been presented in accordance with EDNC requirements and definitions unless otherwise stipulated under the AERs RIN issued.</p> <p>Both numbers for Volumes and Value of Jurisdictional GSL are directly related to the count and sum of payments as identified and recorded as approved in the respective GSL system.</p> <p>Report Used: DMK530 GSL Report: Claims Period Reporting</p> <p><i>The Report is Run on the date paid of GSL.</i></p> <p>The report ran on Financial Year 2017-2018</p>

Minimum Requirements	Ergon Energy Response
	<p>ALL GSL PAID – Shows count of Claims and \$ values for claims paid grouped by GSL Type</p> <p>CUST GSL PAID – Shows count of Claims and \$ values for claims paid grouped by GSL Type for Customer Initiated Claims</p> <p>CUST REJ – Shows the total number of claims received (based on date reported) and rejected (based on date rejected) grouped by GSL Type for Customer Initiated Claims</p> <p>DETAILS – Shows claims details where any of the dates are within the selected date range</p> <p>DATES USED IN THIS REPORT</p> <p>Date Reported – Date first recorded in Cherwell i.e. when we first heard about the Claim and the GSL PTJ start date.</p> <p>Date Occurred – Date the actual breach occurred.</p> <p>Date Accepted – Date Cherwell investigators accepted the claim as valid and payable.</p> <p>Date Paid – Date the extract from Cherwell to Ellipse was produced to settle the claim.</p> <p>Date Rejected – Date the Cherwell Investigator rejected the claim.</p> <p>Validation of Data</p> <p>Reconciled GSL Payments with Ellipse and Cherwell.</p>
Population of Estimated Information in Templates	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
Why it was not possible to provide actual information, what steps have been taken to ensure it can provide the information in the future, the basis for the estimate, approach use, assumptions made and reasons why the estimate is best estimate given the information sought in this Notice.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
How Estimated Information has been produced.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Annual Reporting RIN Basis of Preparation



Template 7.8 Avoided TUOS Payments

1 July 2017 to 30 June 2018



Version Control

Version	Date	Description
1.0	31/10/18	Final as submitted to AER on 31 October 2018

Foreword

In response to requirements of the Australian Energy Regulator's (AER) Annual Reporting Regulatory Information Notice (RIN), and specific to the information presented in Template 7.8 – Avoided TUOS Payments of Ergon Energy's completed 2017-18 Annual Reporting RIN templates (17-18 AR RIN Templates), this Basis of Preparation document has been prepared by Ergon Energy with a view to:

- demonstrate how the information provided in relation to Template 7.8 – Avoided TUOS Payments (and associated Tables and/or variables) is consistent with the requirements of this notice;
- explain the source from which Ergon Energy obtained the information provided in the template;
- explain the methodology Ergon Energy applied to provide the required information, including any assumptions Ergon Energy made.

In circumstances where Ergon Energy has provided input using Estimated Information in relation to Template 7.8 – Avoided TUOS Payments, Ergon Energy has made comments herein as to:

- why an estimate was required, including why it was not possible to use Actual Information;
- the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is the best estimate, given the information sought in the Notice; and
- what steps Ergon Energy is taking to ensure it can provide the information in the future.

No additional requirements were identified as requiring provision of additional information or attachment/s over and above completed templates or Basis of Preparation, in regards to Template 7.8 – Avoided TUOS Payments.

The Basis of Preparation document should be read in conjunction with the information presented in Template Template 7.8 – Avoided TUOS Payments in Ergon Energy's completed 17-18 AR RIN Templates.

Enquiries or further communications should be directed to:

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Template 7.8 – Avoided TUOS Payments

Table 7.8.1 – Avoided TUOS Payments

Table 1 - Addressing Minimum BOP requirements

Minimum Requirements	Ergon Energy Response
Consistency with Notice requirements	<p>Ergon Energy has prepared the information provided in Template 7.8 Avoided TUOS Payments, Table 7.8.1 Avoided TUOS payment in accordance with the Notice requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the Notice.</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice, with amounts represented as \$0's, nominal.</p>
Population of Actual Information in templates	<p>Ergon Energy has provided actual information in Table 7.8.1 for the 2017-18 regulatory year.</p> <p>Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.</p>
Source of Actual Information	<p>Ergon Energy has sourced a list of invoices from retailers from the Market Transaction Centre.</p>
Methodology and assumption's applied in relation to Actual Information	<p>The methodology used in calculating the avoided cost payments is described in the Information Guide for Standard Control Services Pricing. The payments are calculated by the Market Transaction Centre using the process which is described below.</p> <p>Ergon Energy confirms that in accordance with RIN requirements Avoided TUOS payments are taken to be payments made by Ergon Energy in accordance with clause 5.5(h) of the National Electricity Rules (NER).</p> <p>Avoided TUOS expense is based on the list of invoices from retailers for the 2017-18 regulatory year.</p> <p>Embedded Generators</p> <p>Embedded generator (EG) is taken to have the meaning given in the NER.</p> <p>Furthermore, clause 5.5(h) of the NER requires Distribution Network Service Providers (DNSPs) to calculate "avoided charges for the locational component of prescribed TUOS services", and clause 5.5(i) requires DNSPs to calculate the amount to be passed through to an EG. This is done by:</p> <ul style="list-style-type: none"> ▪ Determining the charges for the locational component of prescribed TUOS services that would have been payable by the DNSP for the relevant financial year "if the EG had not injected any energy at its connection point during that financial year"; and ▪ Determining "the amount by which the charges calculated in subparagraph (1) exceed the amount for the locational

Minimum Requirements	Ergon Energy Response
	<p>component of prescribed TUOS services actually payable by the DNSP, which amount will be the relevant amount for the purposes of paragraph (h) [clause 5.5(h)]”.</p> <p>Avoided TUOS payments are made by Ergon Energy to EGs who have sought access to Ergon Energy’s distribution network under clause 5.5 of the NER and who are registered as a Generator Rules Participant.</p> <p>Also refer to the supplementary attachment for Revenues, for a further breakdown of DUOS and TUOS. Refer to Table 16.1: List of Attachments.</p> <p>Market network service providers</p> <p>Market Network Service Provider is taken to have the meaning given in the NER.</p> <p>A Network Service Provider who has classified any of its network services as a market network service in accordance with Chapter 2 and who is also registered by AEMO as a Market Network Service Provider under Chapter 2.</p> <p>Other (avoided TUOS payment)</p> <p>Other (avoided TUOS payment) are any avoided TUOS payment made by a person that is not an EG or Market Network Service Provider</p> <p>Ergon Energy has nil other (avoided TUOS payment) to report.</p>
Population of Estimated Information in Templates	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER’s definition.
Why it was not possible to provide actual information, what steps have been taken to ensure it can provide the information in the future, the basis for the estimate, approach use, assumptions made and reasons why the estimate is best estimate given the information sought in this Notice.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER’s definition.
Changes in Accounting Policies (Financial information - Actual or Estimated)	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER’s definition.

Annual Reporting RIN Basis of Preparation



Template 7.10 Jurisdictional Scheme

1 July 2017 to 30 June 2018



Version Control

Version	Date	Description
1.0	31/10/18	Final as submitted to AER on 31 October 2018

Foreword

In response to requirements of the Australian Energy Regulator's (AER) Annual Reporting Regulatory Information Notice (RIN), and specific to the information presented in Template 7.10 Jurisdictional Schemes of Ergon Energy's completed 2017-18 Annual Reporting RIN templates (17-18 AR RIN Templates), this Basis of Preparation document has been prepared by Ergon Energy with a view to:

- demonstrate how the information provided in relation to Template 7.10 Jurisdictional Schemes (and associated Tables and/or variables) is consistent with the requirements of this notice;
- explain the source from which Ergon Energy obtained the information provided in the template;
- explain the methodology Ergon Energy applied to provide the required information, including any assumptions Ergon Energy made.

In circumstances where Ergon Energy has provided input using Estimated Information in relation to Template 7.10 Jurisdictional Schemes, Ergon Energy has made comment herein as to:

- why an estimate was required, including why it was not possible to use Actual Information;
- the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is a best estimate, given the information sought in the Notice; and
- what steps Ergon Energy is taking to ensure it can provide the information in the future.

No additional requirements were identified as requiring provision of additional information or attachment/s over and above completed templates or Basis of Preparation, in regards to Template 7.10 Jurisdictional Schemes.

The Basis of Preparation document should be read in conjunction with the information presented in Template 7.10 Jurisdictional Schemes in Ergon Energy's completed 17-18 ARRIN Templates.

Enquiries or further communications should be directed to:

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Template 7.10 Jurisdictional Schemes

Table 7.10.1 – Jurisdictional Scheme Payments

Table 1 - Addressing Minimum BOP requirements

Minimum Requirements	Ergon Energy Response
Consistency with Notice requirements	<p>Ergon Energy has prepared the information provided in Template 7.10 Jurisdictional Schemes, Table 7.10.1 Jurisdictional Scheme Payments in accordance with the Notice requirements, including the Principles and Requirements set out in Appendix A and Definitions in Appendix F to the Notice.</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice.</p> <p>Jurisdictional Scheme Payments are payments Ergon Energy is obliged to pay under an approved Jurisdictional Scheme, which has the meaning given in clause 6.18.7A(d) of the National Electricity Rules (NER).</p> <p>Total Scheme Payments are reported in \$0's, nominal.</p>
Use of Actual Information	<p>Ergon Energy has provided actual information in Table 7.10.1 for the 2017-18 regulatory year.</p> <p>Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.</p>
Source of Actual Information	<p>Ergon Energy has extracted data from the Ellipse system for the Solar Feed-in-tariff (FiT) Bonus Scheme and the Electricity Industry levy.</p> <p>Ergon Energy has sourced data from PEACE for the credits provided to the isolated network in relation to the solar bonus scheme.</p>
Methodology and assumption's used in relation to Actual Information	<p>Jurisdictional schemes relevant to Ergon Energy are programs implemented by state governments that place legislative obligations on DNSPs.</p> <p>Ergon Energy's annual Pricing Proposal sets out how jurisdictional scheme amounts (i.e. the amount(s) we are obligated to pay under the scheme) for each approved jurisdictional scheme are to be passed on to customers and any adjustments to tariffs resulting from the over or under recovery of those amounts. Clause 6.18.2(b)(6B) of the NER also requires our Pricing Proposal to describe how each approved jurisdictional scheme that has been amended since the last jurisdictional scheme approval date meets the jurisdictional scheme eligibility criteria.</p> <p>Current Jurisdictional Schemes relevant to Ergon Energy are:</p> <ul style="list-style-type: none"> schemes set out explicitly under clause 6.18.7A(e) of the NER. For Queensland, this currently includes the Solar Bonus Scheme, which obligates Ergon Energy to pay a FiT for energy supplied into our distribution network from specific micro-embedded generators (PVs). Ergon Energy became subject to the Solar Bonus Scheme on 21 May 2015 (i.e. the date we submitted our 2015–16 Pricing Proposal to the AER). Since that time, the jurisdictional scheme has not been amended; and

Minimum Requirements	Ergon Energy Response
	<ul style="list-style-type: none"> schemes determined by the AER to be jurisdictional schemes under clause 6.18.7A(l) of the NER. For Queensland, this currently includes the energy industry levy. Ergon Energy is obligated under our Distribution Authority to pay a proportion of the Queensland Government's funding commitments for the AEMC in relation to this levy. Ergon Energy became subject to this Jurisdictional Scheme when it was approved by the AER on 22 April 2016. There have been no changes since this approval date. <p>Description of Cost Recovery Method</p> <p>Attachment 14 of the AER's final distribution determination sets out the requirements Ergon Energy must comply with under clause 6.18.7A of the NER. Specifically, Ergon Energy must:</p> <ul style="list-style-type: none"> earn jurisdictional scheme revenue amounts in the year it incurs those amounts; and apply a true-up to account for any under or over recovery of actual revenue (which in practice occurs on a two year lag through adjustments to tariffs) <p>For the 2017-18 regulatory year, this method is outlined in section 3.3.3 of our approved 2017-18 Pricing Proposal.</p> <p>Ergon did not receive jurisdictional revenue from network tariffs in FY17-18 (to offset the FY17-18 solar expense). Ergon did receive solar grant revenue to offset this loss of revenue from network tariffs.</p> <p>The solar grant revenue was based on the solar expense for FY17-18 less the over recovery amount from FY15-16. The grant revenue was released from unearned revenue from the balance sheet on a monthly basis.</p> <p>As part of our 2018-19 annual Pricing Proposal, we will apply a true-up to account for any difference between our actual 2017-18 jurisdictional scheme revenue and our actual 2017-18 jurisdictional scheme payments (for both the FIT and the energy industry levy). On 31 May 2017 Ergon Energy received a Ministerial direction not to pass to customers any feed-in tariff jurisdictional scheme amounts not recovered between 1 July 2017 and 30 June 2020.</p> <p>Total Scheme Payments</p> <p>As relevant to Template 7.10, Jurisdictional Scheme payments have been reported on an accruals basis in accordance with Australian Accounting Standards.</p> <p>The Payment amounts reported are amounts Ergon Energy is required to pay under the Jurisdictional Scheme obligations to:</p> <ul style="list-style-type: none"> (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; (d) reimburse a person; <p>less any amounts recovered by Ergon Energy from any person in respect of those amounts other than under the NER.</p> <p>All values have been extracted from Ellipse.</p>

Minimum Requirements	Ergon Energy Response
	<p>Full year values have been extracted for the Solar Bonus Scheme and the Inter-Company Solar Bonus. The full year statutory amounts for these elements have been prepared on an unbilled basis.</p> <p>The Electricity Industry levy was extracted from Ellipse using Ellipse Activity and element code. The levy is one payment for the year and is therefore presented on a billed basis.</p> <p><i>Isolated Network adjustment to the annual Solar Bonus Scheme amount</i></p> <ol style="list-style-type: none"> 1. A report (DMK535) was run on PEACE data to identify the solar bonus credits processed between 7 June 2017 and 6 June 2018 for NMIs on the isolated network. The following filters were entered into this report: <ol style="list-style-type: none"> a. feeder class ERGIS (this filter restricts the data to NMIs on the isolated network); b. Network Tariff Codes of NVG* and GVG* (These tariff codes are used for embedded generation. The symbol * is used to pick up all variations of the NVG tariff code: eg NVG0, NVGC0, NVGX0, NVG1, NVGC1, NVGX1, NVG2, NVGC2, NVGX2); c. sub charge source description of Network DUoS Volume Charge (this filter restricts the data to the volume charges relating to the previously listed tariff codes); <p>The unfiltered (DMK535) report shows the dollar credits and the associated energy exported and used for all NMIs.</p> <p>7 June 2018 to 6 June 2018 corresponds to the dates used to generate statement of accounts (i.e. billing statements) for the 2017-18 financial year.</p> 2. The PEACE credits and energy exported shown in the report were then summed to give annual totals. 3. The full year Solar Bonus Scheme value was reduced by the annual total for the Isolated Network Adjustment.
Use of Estimated Information	Not Applicable. Ergon Energy has provided actual information in relation to Template 7.10 Jurisdictional Schemes.
Why it was not possible to provide actual information, what steps have been taken to ensure it can provide the information in the future, the basis for the estimate, approach used, assumptions made and reasons why the estimate is best estimate given the information sought in this Notice.	Not Applicable. Ergon Energy has provided actual information in relation to Template 7.10 Jurisdictional Schemes.
How Estimated Information has been produced.	Not Applicable. Ergon Energy has provided actual information in relation to Template 7.10 Jurisdictional Schemes.

Annual Reporting RIN Basis of Preparation



Template 7.11 DMIS-DMIA
1 July 2017 to 30 June 2018



Version Control

Version	Date	Description
1.0	31/10/18	Final as submitted to AER on 31 October 2018

Foreword

In response to requirements of the Australian Energy Regulator's (AER) Annual Reporting Regulatory Information Notice (RIN), and specific to the information presented in Template 7.11 Demand Management Incentive Scheme of Ergon Energy's completed 2017-18 Annual Reporting RIN templates (17-18 AR RIN Templates), this Basis of Preparation document has been prepared by Ergon Energy with a view to:

- demonstrate how the information provided in relation to Template 7.11 Demand Management Incentive Scheme(and associated Tables and/or variables) is consistent with the requirements of this notice ;
- explain the source from which Ergon Energy obtained the information provided in the template;
- explain the methodology Ergon Energy applied to provide the required information, including any assumptions Ergon Energy made.

In circumstances where Ergon Energy has provided input using Estimated Information in relation to Template 7.11 Demand Management Incentive Scheme, Ergon Energy has made comment herein as to :

- why an estimate was required, including why it was not possible to use Actual Information;
- the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is a best estimate, given the information sought in the Notice; and
- what steps Ergon Energy is taking to ensure it can provide the information in the future.

This Basis of Preparation document should be read in conjunction with the information presented in Template 7.11 Demand Management Incentive Scheme in Ergon Energy's completed 17-18 AR RIN Templates, as well as the **Ergon Energy 1718 Demand Management Innovation Allowance** (Annual Report) prepared under Schedule 1 requirements as noted below.

Table 1: Additional Requirements (Attachments to Basis of Preparation)

Notice Reference Paragraph	Requirement	Attachment(s) to Template BOP
Schedule 1 Para 6	Provide reporting in relation to Ergon Energy's Demand Management Incentive Allowance. Note: Information provided in response to paragraph 6 of Schedule 1 to this Notice will constitute the provision of an annual report for the purposes of paragraph 3.1.4.1 of the Demand Management Incentive Scheme (DMIS) applying to Ergon Energy (as set out in the 2015-20 Distribution Determination).	Ergon Energy Demand Management Innovation Allowance Report 2017-18 (Annual Report) (EE1718AR DMIA)

Enquiries or further communications should be directed to:

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General Manager Regulation & Pricing
Email: jenny.doyle@energyq.com.au
Mobile: 0427 156 897

Template 7.11 Demand Management Incentive Scheme

Table 7.11.1 – DMIA-Projects submitted for approval

Table 1 - Addressing Minimum BOP requirements

Minimum Requirements	Ergon Energy Response
Consistency with Notice requirements	<p>Ergon Energy has prepared information provided in Template 7.11 table 7.11.1 DMIA Projects submitted for approval for Current Year in accordance with the Notice requirement, including the Principles and Requirements set out in Appendix E and definitions in Appendix F to the Notice.</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice.</p> <p>Monetary values are reported as \$0's nominal as required.</p> <p>Of note the total (capex and opex) amount per project, of the Demand Management Innovation Allowance (DMIA) spent in 2017-18 is greyed out as an automated (calculated) field.</p>
Population of Actual Information in templates	<p>Ergon Energy has provided actual information in Table 7.11.1 for the 2017-18 regulatory year.</p> <p>Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.</p>
Source of Actual Information	Ergon Energy has sourced data from its Ellipse financial reporting system for the relevant regulatory year.
Methodology and assumption's applied in relation to Actual Information	<p>Projects detailed represent those submitted for approval under Ergon Energy's 2017-18 Demand Management Innovation Allowance - Annual Report to the AER, for the regulatory year ended 30 June 2017 (attached to the 1718 AR RIN submission). Refer to Error! Reference source not found.</p> <p>Operating expenditure represent those costs booked to activity code 55000 for the 2017-18 regulatory year as extracted from Ergon Energy's Ellipse financial reporting system amended where appropriate following a review of data postings.</p> <p>Capital expenditure costs are captured under activity code 55000; however no costs were incurred during the 2017-18 regulatory year relevant to DMIA projects.</p>
Population of Estimated Information in Templates	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
Why it was not possible to provide actual information, what steps have been taken to ensure it can provide the information in the future, the basis for the estimate, approach	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Minimum Requirements	Ergon Energy Response
use, assumptions made and reasons why the estimate is best estimate given the information sought in this Notice.	
How Estimated Information has been produced	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Annual Reporting RIN Basis of Preparation



Template 8.1 Income

1 July 2017 to 30 June 2018



Version Control

Version	Date	Description
1.0	31/10/18	Final as submitted to AER on 31 October 2018

Foreword

In response to requirements of the Australian Energy Regulator's (AER) Annual Reporting Regulatory Information Notice (RIN), and specific to the information presented in Template 8.1 Income of Ergon Energy's completed 2017-18 Annual Reporting RIN templates (17-18 AR RIN Templates), this Basis of Preparation document has been prepared by Ergon Energy with a view to

- demonstrate how the information provided in relation to Template 8.1 Income (and associated Tables and/or variables) is consistent with the requirements of this notice ;
- explain the source from which Ergon Energy obtained the information provided in the template;
- explain the methodology Ergon Energy applied to provide the required information, including any assumptions Ergon Energy made.

In circumstances where Ergon Energy has provided input using Estimated Information in relation to Template 8.1 Income, Ergon Energy has made comment herein as to :

- why an estimate was required, including why it was not possible to use Actual Information;
- the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is a best estimate, given the information sought in the Notice; and
- what steps Ergon Energy is taking to ensure it can provide the information in the future.

The Basis of Preparation document should be read in conjunction with the information presented in Template 8.1 Income in Ergon Energy's completed 17-18 AR RIN Templates including a Supplementary Schedule to Template 8.1 Income Statement (**EE 1718 AR RSUP**), as well as the following Schedule 1 responses presented in attachments outlined below.

Table 1: Additional Requirements (Attachments to Basis of Preparation)

Notice Reference Paragraph	Requirement	Attachment(s) to Template BOP
Schedule 1 Para 1.1(c)	Provide a Microsoft Excel workbook or other information that reconciles and explains Adjustments between the Audited Statutory Accounts and the Financial Information Templates. Ergon Energy must separately list each Adjustment made to derive the Financial Information Templates. For each Adjustment made: <ul style="list-style-type: none"> ▪ specify the amount of Adjustment; ▪ describe the nature and basis of each Adjustment 	Reconciliation (Audited Statutory Accounts and Regulatory Accounting Statements) (EE1718AR RECON)
Schedule 1 Para 3.1 – 3.4	In respect of cost allocation to the distribution business Ergon Energy is to identify each expenditure or revenue item in Worksheet 8.1 (Income Statement) of the Financial Information Templates that is directly attributable to the Distribution Business. Furthermore, schedule 1 paragraph 3.2 requires identification of each Item that is not directly attributable in the Financial Information Templates: but is allocated on a causation basis to the Distribution Business; else cannot be allocated on a causation basis to the Distribution Business. For each of the items identified not directly attributable but is allocated on a causation basis to the Distribution Business, schedule 1 paragraph 3.3	Cost Allocation to the Distribution Business (EE1718AR CADB)

Notice Reference Paragraph	Requirement	Attachment(s) to Template BOP
	<p>requires information that:</p> <p>states the amount of the Item that has been allocated;</p> <p>explains the method of allocation and reasons for choosing that method; and</p> <p>states the numeric amount of the allocator(s) used.</p> <p>For each of the items identified as not directly attributable and that cannot be allocated on a causation basis to the Distribution Business, schedule 1 paragraph 3.3 requires information that</p> <p>state its amount;</p> <p>state whether it was material;</p> <p>explain the method of allocation and reasons for choosing that method; and</p> <p>explain the reason(s) why it cannot be allocated on a causation basis.</p>	
Schedule 1 Para 4.1 – 4.4	<p>In relation to Ergon Energy's Service segments (refers to standard control services (SCS), alternative control services (ACS), negotiated services), identify each Item in the Financial Information Templates that is:</p> <ul style="list-style-type: none"> ▪ directly attributable from the Distribution Business to a service segment; and <ul style="list-style-type: none"> ○ state the amount of the <i>Item</i> that has been directly attributable to a service segment. ▪ not directly attributable but is allocated on a causation basis from the Distribution Business to a service segment; and <ul style="list-style-type: none"> ○ state the amount of the Item that has been allocated; ○ explain the method of allocation and reasons for choosing that method; and ○ state the numeric amount of the allocator(s) used. ▪ not directly attributable and cannot be allocated on a causation basis from the Distribution Business to a service segment. <ul style="list-style-type: none"> ○ state the amount of the Item and whether it was material; ○ explain the method of allocation and reasons for choosing that method; and ○ explain the reason(s) why it cannot be allocated on a causation basis. 	Cost Allocation to Service Segments (EE1718AR CASS)

Enquiries or further communications should be directed to:

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Template 8.1 Income

Table 8.1.1.1 – Revenue

Table 1 - Addressing Minimum BOP requirements

Minimum Requirements	Ergon Energy Response
Consistency with Notice requirements	<p>Ergon Energy has prepared the information provided in Template 8.1 Income, Table 8.1.1.1 Revenue in accordance with the Notice requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the Notice.</p> <p>All disclosures have been reconciled to the Audited Statutory Accounts of Ergon Energy's Parent Entity, Energy Queensland Limited. Please refer to Note 26(B) of the Energy Queensland Limited (EQL) Audited Statutory Accounts.</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice.</p> <p>Also of note, the item "Pass through revenue (F-factor)" is not applicable to Ergon Energy and not populated (despite not being greyed out).</p>
Population of Actual Information in templates	<p>Ergon Energy has provided actual information in Table 8.1.1.1 for the 2017-18 regulatory year.</p> <p>Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.</p>
Source of Actual Information	Ergon Energy has sourced data from its Ellipse financial reporting system for the relevant regulatory year.
Methodology and assumption's applied in relation to Actual Information	<p>Distribution Revenue</p> <p>Distribution Revenue is Revenue earned from the provision of SCS; ACS and excludes capital contributions. Ergon Energy does not have negotiated services to consider in this calculation.</p> <p>Revenue is measured at the fair value of the consideration received or receivable. As a network service provider, Ergon Energy receives Distribution Use of System (DUOS) income.</p> <p>As per AASB 118 Revenue, the Economic Entity is using accrual accounting for unbilled network charges.</p> <p>All values have been extracted from Ellipse.</p> <p>Within the audited statutory accounts column the revenue recognised is inclusive of revenue from regulated and unregulated services. The statutory accounts have been prepared on an unbilled basis in 2017-18. The adjustments column consists of:</p> <ul style="list-style-type: none"> Unregulated revenue (identified by the activity segment of the

Minimum Requirements	Ergon Energy Response
	<p>chart of accounts); and</p> <ul style="list-style-type: none"> ▪ DUOS cross boundary revenue. <p>The value of SCS distribution revenue is calculated using total DUOS revenue less:</p> <ul style="list-style-type: none"> ▪ DUOS cross boundary revenue; and ▪ Unregulated revenue. <p>This calculation enables the SCS distribution revenue to be presented on an unbilled basis.</p> <p>The ACS revenue is obtained from a combination of activity codes and products in the general ledger. ACS revenue includes Streetlight revenue and Metering services revenue. The ACS revenue is reported on an accrual basis.</p> <p>Cross Boundary Revenue</p> <p>Cross boundary revenue is the inter- Distribution Network Service Provider (DNSP) revenue which is revenue from another DNSP for using Ergon Energy distribution network.</p> <p>DUOS & TUOS revenue received from Essential Energy for 33kV and 66kV lines, based on metered data for 2017-18.</p> <p>The adjustments column consists of:</p> <ul style="list-style-type: none"> ▪ DUOS cross boundary revenue; <p>TUOS cross boundary revenueCross boundary revenue is from billing information. Cross boundary revenue does not include an adjustment for Jurisdictional revenue in 2017-18. Jurisdictional revenue was replaced by the government grant for the Solar Bonus Rebate.</p> <p>Contributions</p> <p>Capital contributions (contribution) is cash or in kind contributions to capital expenditure (capex) projects and gifted assets.</p> <p>Contributions relates to revenue in accordance with Ergon Energy's Connections Policy for SCS, and Contributions received for the delivery of ACS (such as Large Customer Connections and Real Estate Developments).</p> <p>Cash capital contributions are received from small customers for subdivisions and other small customer initiated capital works (CICW) and gifted assets relate to Urban subdivisions and Commercial and Industrial customers.</p> <p>Contributions for ACS are identifiable by separate codes within Ergon Energy's general ledger.</p> <p>The adjustment between the Audited Statutory Accounts and the Regulated Distribution business relates to contributions received from unregulated sources, including the isolated networks.</p> <p>Interest income</p>

Minimum Requirements	Ergon Energy Response
	<p>Ergon Energy no longer holds Cash Fund accounts, but has retained Working Capital Facility accounts, this is due to the change of funding arrangements by the State Government.</p> <p>Interest is earned on its Working Capital Facility and from loans to SPARQ.</p> <p>In accordance with Ergon Energy's 2015-20 Final Distribution Determination, Attachment 13 (Classification of Services) as interest revenue is not a direct control service it has been reported in the Adjustments column.</p> <p>Jurisdictional scheme amounts</p> <p>Ergon Energy has two approved Jurisdictional Schemes being the Feed-in Tariff, and the Electricity Industry Levy (refer to Basis of Preparation (EE1718AR T7.10 JSCH) relative to Template 7.10.</p> <p>The Jurisdictional scheme amounts relating to the Feed-in Tariff forecast recovery and the Australian Energy Market Commission (AEMC) levy has been extracted from Ellipse using codes for Jurisdictional Scheme Use of System Charge, and Intercompany Use of System Jurisdictional Scheme.</p> <p>The full year statutory amounts for these elements have been prepared on an unbilled basis.</p> <p>The adjustments column consists of:</p> <ul style="list-style-type: none"> ▪ Government grant revenue related to the Solar Bonus <p>The grant revenue is identified by an element in the Ellipse system. It was adjusted out of Other Revenue.</p> <p>Amounts reported in Template 7.8 for Jurisdictional Schemes are expenditure for the current year, and will not align to revenue recovery which is based on a monthly journal that includes solar expense (on an unbilled basis) and a prior year over recovery related to solar.</p> <p>Profit from sale of fixed assets</p> <p>The disposal of an item of Property, Plant & Equipment (PP&E) may occur in a variety of ways (e.g. by sale or scrapping at the end of its useful life). Ergon Energy's Asset Management Policy and Strategies discusses when assets should be disposed i.e. after a specified time or after consumption of a specified proportion of the future economic benefits embodied in the asset.</p> <p>In accordance with Ergon Energy's 2015-20 Final Distribution Determination, Attachment 13 (Classification of Services) the sale of inventory, asset or scrap is a non-distribution service that is unregulated. Therefore, the profit on sale of fixed assets has been reported in the Adjustments column (as an unregulated service) as it does not meet the definition for Service Segments (SCS, ACS, and Negotiated Services).</p>

Minimum Requirements	Ergon Energy Response
	<p>The figure reported in the statutory accounts is the amount of proceeds that exceeds the carrying amount of the item.</p> <p>TUOS revenue</p> <p>All values for TUOS revenue have been extracted from Ellipse, using the codes for TUOS Revenue, and Inter-Company TUOS Revenue. The external service provider has supplied information on an unbilled basis. The statutory accounts for TUOS revenue have been prepared on an unbilled basis in 2017-18. The adjustments column consists of:</p> <ul style="list-style-type: none"> ▪ Unregulated revenue (relating to the use of the 220kV Network); ▪ TUOS cross boundary revenue. <p>The TUOS cross boundary revenue adjustment is from billing information.</p> <p>Pass through revenue (F-factor)</p> <p>This category is not applicable to Ergon Energy (it is a Victorian specific factor). Despite not being greyed out for non-completion, Ergon Energy has no data to report.</p> <p>Other Revenue</p> <p>The values in other revenue are from a range of Inter-Company transactions, and a variety of receipts. The majority of other revenue is from unregulated activities.</p> <p>The adjustments column consists of:</p> <ul style="list-style-type: none"> ▪ Unregulated revenue; and ▪ Government grant revenue related to the solar bonus <p>None of the Other revenue is classed as a SCS. The remainder is ACS revenue. The ACS revenue is categorised across service classifications according to their classification in the Ellipse general ledger.</p>
Population of Estimated Information in Templates	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
Why it was not possible to provide actual information, what steps have been taken to ensure it can provide the information in the future, the basis for the estimate, approach use, assumptions made and reasons why the estimate is best estimate given the information sought in this Notice.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
How Estimated Information has been produced	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Table 8.1.1.2 – Expenditure

Table 2 - Addressing Minimum BOP requirements

Minimum Requirements	Ergon Energy Response
Consistency with Notice requirements	<p>Ergon Energy has prepared the information provided in Template 8.1 Income, Table 8.1.1.2 Expenditure in accordance with the Notice requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the Notice.</p> <p>All disclosures have been reconciled to the Audited Statutory Accounts of Ergon Energy's Parent Entity, Energy Queensland Limited. Please refer to Note 28(B) of the Energy Queensland Limited Audited Statutory Accounts</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice.</p>
Population of Actual Information in templates	<p>Ergon Energy has provided actual information in Table 8.1.1.2 for the 2017-18 regulatory year.</p> <p>Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.</p>
Source of Actual Information	Ergon Energy has sourced data from its Ellipse financial reporting system for the relevant regulatory year.
Methodology and assumption's applied in relation to Actual Information	<p>TUOS expenditure</p> <p>TUOS costs are Transmission charges to be paid to transmission network service providers.</p> <p>TUOS expense was obtained from an examination of the charges levied upon Ergon Energy and those passed on to retailers. TUOS expense is presented on an accrual basis from information in the General Ledger.</p> <p>The adjustments column consists of:</p> <ul style="list-style-type: none"> ▪ Cross Boundary charges (Energex); ▪ Non-Regulated charges (use of 220kV network) <p>Avoided TUOS expenditure</p> <p>Avoided TUOS payments are the payments by Ergon Energy in accordance with clause 5.5 (h) of the National Electricity Rules (NER).</p> <p>Avoided TUOS expense is based on the list of invoices from retailers for the 2017-18 regulatory year.</p> <p>The adjustments column consists of:</p> <ul style="list-style-type: none"> ▪ Prior years avoided TUOS payments; ▪ Prior years accrual reversals; ▪ Current year accrual; ▪ Demand management payment for Barcaldine

Minimum Requirements	Ergon Energy Response
	<p>These payments agree to those Avoided Transmission Use of System Payments provided in Template 7.8 Avoided TUOS Payments (refer to Basis of Preparation (EE1718AR T7.8 AVTUOS) relative to Template 7.8).</p> <p>Cross boundary expenditure</p> <p>Ergon Energy notes that the definition for 'Cross Boundary Charges', is the cost of using another DNSP's distribution network therefore Ergon Energy has included costs of using Energex's distribution network and costs for use of Ergon Energy's unregulated 220kV network. This is because under its Final Distribution Determination, Ergon Energy is allowed to pass through charges it incurs for use of Ergon Energy's unregulated 220kV network as a Designated Pricing Proposal Charge or 'TUOS' charge.</p> <p>The AER's Final Distribution Determination also requires Ergon Energy to maintain a TUOS unders and overs account, and to submit a record of all transmission related payment to the AER as part of its Annual Pricing Proposal.</p> <p>Depreciation</p> <p>The Statutory approach for calculating depreciation has been used on a straight line basis by reference to the useful life of each item of PP&E, other than freehold land and easements which are not depreciated. An assessment of useful lives is performed annually. All values have been extracted from Ellipse.</p> <p>The audited statutory accounts column includes depreciation and amortisation for Ergon Energy. It consists of amortisation of intangible assets such as computer software, licenses and customer contracts and relationships, and depreciation for supply systems, power stations, buildings, and other plant and equipment, as well as impairment of non PP&E assets, i.e. Impairment of Doubtful Debts.</p> <p>The approach for reporting by Service Segment for depreciation expense is in accordance with the AER's email of 7 September 2016. It is a subset of the statutory depreciation, yet only for those assets relative to the distribution business.</p> <p>The adjustments column relates to depreciation and amortisation of Ergon Energy's unregulated power station assets comprising isolated generation and distribution systems, and other unregulated assets.</p> <p>Finance charges</p> <p>Finance charges are reported as a credit balance in the statutory column in 2017-18, this is mainly due to the interest on long term debt now reported in the parent entity EQL. Most of the remainder is Capitalised Interest and Discount of non-current Liability.</p> <p>Following the transfer of ownership of Ergon and Energex from the</p>

Minimum Requirements	Ergon Energy Response
	<p>state to Energy Queensland Limited (EQL) on the 30 June 2016, transfers of debt for both DNSPs were made in order to comply with the Government Owned Corporations Regulation 2016 (Regulation).</p> <p>The share of the State Government debt pool held by the DNSPs prior to the formation of the group was a liability held by each DNSP. In accordance with the Regulation, all DNSP debt (Queensland Treasury Corporation Loans) was transferred back to the Government debt pool. It was then transferred to the parent entity (EQL) at the carrying amount, such that: A share of Queensland debt is held in the EQL parent entity. Importantly, no debt raising costs were incurred by the DNSPs during 2017-18 as no debt was raised or refinanced.</p> <p>Finance charges do not include any interest expense for long term debt or finance charges in 2017-18.</p> <p>Interest expense is not a direct control service in the AER FDD Attachment 13, yet debt raising costs are an approved AER forecast cost.</p> <p>The adjustments column consists of:</p> <ul style="list-style-type: none"> ▪ Interest expense ▪ Capitalised Interest ▪ Discount of non-current Liability <p>Impairment losses</p> <p>In accordance with Appendix A (Principles & Requirements) to the Notice any revaluations or adjustments for impairment made in the Audited Statutory Accounts must be recorded in the adjustments column in the Financial Information Templates.</p> <p>Impairment losses in the Audited Statutory Accounts are a special non-recurring charge taken to write down an asset with an overstated book value.</p> <p>Impairment losses in 2017-18 are related to the write down of the Hayman Island and Hamilton Island assets.</p> <p>The adjustments column consists of:</p> <ul style="list-style-type: none"> ▪ Impairment losses <p>Jurisdictional scheme amounts</p> <p>Ergon Energy has two approved Jurisdictional Schemes being the Feed-in Tariff, and the Electricity Industry Levy (refer to Basis of Preparation (EE1718AR T7.10 JSCH) relative to Template 7.10).</p> <p>The Feed-in Tariff expenses have been extracted from Ellipse. Full year values have been extracted for the Solar Bonus Scheme and the Inter-Company Solar Bonus. The full year statutory amounts</p>

Minimum Requirements	Ergon Energy Response
	<p>for these elements have been prepared on an unbilled basis.</p> <p>The Electricity Industry levy was extracted from Ellipse using a specific Ellipse code. The levy is one payment for the year and is presented on a billed basis.</p> <p>Amounts are fully recoverable via charges to customers under SCS services.</p> <p>In the annual statutory accounts the feed-in tariff is classified as Statutory expenditure. The Electricity Industry levy was classified as Other expenditure. Therefore the statutory value for Jurisdictional expenditure is the value of the feed-in-tariff.</p> <p>The adjustment column consists of:</p> <ul style="list-style-type: none"> ▪ Electricity Industry levy; and ▪ Exclusion of Isolated Solar NMI <p>Loss from sale of fixed assets</p> <p>In accordance with Ergon Energy's 2015-20 Final Distribution Determination, Attachment 13 (Classification of Services) the sale of inventory, asset or scrap is a non-distribution service that is unregulated. Therefore, the loss on sale of fixed assets has been reported in the Adjustments column (as an unregulated service) as it does not meet the definition for Service Segments (SCS, ACS, and Negotiated Services).</p> <p>The disposal of an item of PP&E may occur in a variety of ways (e.g. by sale or scrapping at the end of its useful life). Ergon Energy's Asset Management Policy and Strategies discusses when assets should be disposed i.e. after a specified time or after consumption of a specified proportion of the future economic benefits embodied in the asset.</p> <p>Maintenance expenditure</p> <p>Maintenance expenditure are those expenditures which are directly and specifically attributable to Maintenance that are not capex.</p> <p>The Ergon Energy general ledger records maintenance costs in a series of codes that differentiate between SCS, ACS and unregulated based on the services they provide in accordance with the AER's Final Distribution Determination and the NER.</p> <p>The identification of maintenance costs is performed by mapping these codes into their appropriate RIN reporting category</p> <p>Operating expenditure excluding maintenance expenditure</p> <p>Operating expenditure excluding maintenance expenditure – Ergon Energy's operating expenditure excluding any Maintenance expenditure.</p> <p>The Ergon Energy general ledger records operating costs in a series of codes that differentiate between SCS, ACS and unregulated based on the services they provide in accordance with</p>

Minimum Requirements	Ergon Energy Response
	<p>the AER FDD and the NER.</p> <p>The identification of maintenance costs is performed by mapping these codes into their appropriate RIN reporting category.</p> <p>In the annual statutory accounts the guaranteed service level payments are classified as negative revenue, in the RIN these amounts are included in the adjustments column as they are reported as operating costs.</p> <p>Other</p> <p>The adjustment relates to unclassified costs of operating isolated and unregulated assets.</p>
Population of Estimated Information in Templates	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
Why it was not possible to provide actual information, what steps have been taken to ensure it can provide the information in the future, the basis for the estimate, approach use, assumptions made and reasons why the estimate is best estimate given the information sought in this Notice.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
How Estimated Information has been produced	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Table 8.1.1.3 – Profit

Table 3 - Addressing Minimum BOP requirements

	Addressing Basis of Preparation Requirements
Consistency with Notice requirements	<p>Ergon Energy has prepared the information provided in Template 8.1 Income, Table 8.1.1.3 Profit in accordance with the Notice requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the Notice.</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice.</p> <p>All disclosures have been reconciled to the Audited Statutory Accounts of Ergon Energy's Parent Entity, Energy Queensland Limited. Please refer to Note 26(B) of the Energy Queensland Limited Audited Statutory Accounts.</p> <p>Ergon Energy has not populated information in relation to Negotiated Services which is greyed out and not applicable during the regulatory control period.</p>
Population of Actual Information in	Ergon Energy has provided actual information in Table 8.1.1.3 for

Addressing Basis of Preparation Requirements	
templates	<p>the 2017-18 regulatory year.</p> <p>Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.</p>
Source of Actual Information	Ergon Energy has sourced data from its Ellipse financial reporting system for the relevant regulatory year.
Methodology and assumption's applied in relation to Actual Information	<p>Profit before tax is calculated (total revenue less total expenses).</p> <p>Income tax expenses (/benefit) is calculated as 30.09% of profit before tax, for each Service Segment based on the services they provide in accordance with the AER FDD and the NER.</p> <p>Profit after tax is calculated (Profit before less Income tax expenses (/ benefit)).</p>
Population of Estimated Information in Templates	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
Why it was not possible to provide actual information, what steps have been taken to ensure it can provide the information in the future, the basis for the estimate, approach use, assumptions made and reasons why the estimate is best estimate given the information sought in this Notice.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
How Estimated Information has been produced	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Annual Reporting RIN Basis of Preparation



Template 8.2 Capex

1 July 2017 to 30 June 2018



Version Control

Version	Date	Description
1.0	31/10/18	Final as submitted to AER on 31 October 2018

Foreword

In response to requirements of the Australian Energy Regulator's (AER) Annual Reporting Regulatory Information Notice (RIN), and specific to the information presented in Template 8.2 Capex of Ergon Energy's completed 2017-18 Annual Reporting RIN templates (17-18 AR RIN Templates), this Basis of Preparation document has been prepared by Ergon Energy with a view to

- demonstrate how the information provided in relation to Template 8.2 Capex (and associated Tables and/or variables) is consistent with the requirements of this Notice ;
- explain the source from which Ergon Energy obtained the information provided in the template;
- explain the methodology Ergon Energy applied to provide the required information, including any assumptions Ergon Energy made.

In circumstances where Ergon Energy has provided input using Estimated Information in relation to Template 8.2 Capex, Ergon Energy has made comment herein as to:

- why an estimate was required, including why it was not possible to use Actual Information;
- the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is a best estimate, given the information sought in the Notice; and
- what steps Ergon Energy is taking to ensure it can provide the information in the future..

The Basis of Preparation document should be read in conjunction with the information presented in Template 8.2 Capex in Ergon Energy's completed 17-18 AR RIN Templates as well as the following Schedule 1 responses presented in attachments outlined below.

Table 1: Additional Requirements (Attachments to Basis of Preparation)

Notice Reference Paragraph	Requirement	Attachment(s) to Template BOP
Schedule 1 Para 1.1(c)	Provide a Microsoft Excel (Excel) workbook or other information that reconciles and explains Adjustments between the Audited Statutory Accounts and the Financial Information Templates. Ergon Energy must separately list each Adjustment made to derive the Financial Information Templates. For each Adjustment made: <ul style="list-style-type: none"> ▪ specify the amount of Adjustment; ▪ describe the nature and basis of each Adjustment 	Reconciliation (Audited Statutory Accounts and Regulatory Accounting Statements) (EE1718AR RECON)
S 1.1(f)	Provide the Capitalisation Policy for the Relevant Regulatory Year. If Ergon Energy has previously provided the AER with the policies sought in paragraphs 1.1(f) it is not necessary for Ergon Energy to provide the policy again unless it identified a material change in response to paragraphs 5.1 (refer below). NOTE: Ergon Energy's capitalisation policy is incorporated in its two accounting policies 'Property Plant and Equipment' and 'Intangible Assets' which provide guidance in respect of: <ul style="list-style-type: none"> ▪ Key criteria for recognition of an asset; and ▪ Clarification of accounting treatment in respect of initial recognition as 	Capitalisation Policies: Intangible Assets, Property, Plant and Equipment (EE1718AR IA) (EE1718AR PPE)

Notice Reference Paragraph	Requirement	Attachment(s) to Template BOP
	an asset and subsequent expenditure, including refurbishment costs..	
Schedule 1 Para 1.2	<p>Identify all material changes between the Regulatory Accounting Principles and Policies provided in the response to schedule paragraph 1.1(e) (refer EE1718 AR RIN Submission), for the Relevant Regulatory Year and the previous regulatory year. For each change identified:</p> <ul style="list-style-type: none"> ▪ explain the nature of and the reasons for the change; and ▪ quantify the effect of the change on information in the Financial Information Templates for the Relevant Regulatory Year. 	Material Changes in Regulatory Accounting Principles and Policies Policy
Schedule 1 Para 4	<p>In relation to Ergon Energy's Service segments (refers to standard control services (SCS), alternative control services (ACS), negotiated services), identify each Item in the Financial Information Templates that is:</p> <ul style="list-style-type: none"> ▪ directly attributable from the Distribution Business to a service segment; and <ul style="list-style-type: none"> ○ state the amount of the <i>Item</i> that has been directly attributable to a service segment. ▪ not directly attributable but is allocated on a causation basis from the Distribution Business to a service segment; and <ul style="list-style-type: none"> ○ state the amount of the Item that has been allocated; ○ explain the method of allocation and reasons for choosing that method; and ○ state the numeric amount of the allocator(s) used. ▪ not directly attributable and cannot be allocated on a causation basis from the Distribution Business to a service segment. <ul style="list-style-type: none"> ○ state the amount of the Item and whether it was material; ○ explain the method of allocation and reasons for choosing that method; and ○ explain the reason(s) why it cannot be allocated on a causation basis. 	<p>Cost Allocation to Service Segments</p> <p>(EE1718AR CASS)</p>

In comparing the 2017-18 data to prior years, it should be noted that information presented will be in accordance with new Cost Allocation Method (CAM) and new classification of services (CoS) is for the 2015-20 regulatory control period.

This will be particularly relevant in the Electricity Distributors Performance Report where an objective and priority of the report is to compare NSPs across jurisdictions and across regulatory control periods.

Enquiries or further communications should be directed to:

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Template 8.2 – Capex

Table 8.2.1 – Capex by Purpose – Standard Control Services

Table 1 - Addressing Minimum BOP requirements

Minimum Requirements	Ergon Energy Response
Consistency with Notice requirements	<p>Ergon Energy has prepared the information provided in Template 8.2 Capex, Table 8.2.1 Capex by Purpose – Standard Control Services in accordance with the Notice requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the Notice.</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice.</p>
Population of Actual Information in templates	<p>Where information is provided Ergon Energy does so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.</p>
Source of Actual Information	<p>Capex is recorded by Ergon Energy as either Direct Purchases, or Project costs.</p> <p>Direct purchases relate to the purchase of a complete asset from an outside supplier such as motor vehicles or computers, whereas a construction asset (primarily distribution assets) is treated as project costs. With constructed projects, one of two data sources is used depending upon whether the project is complete and capitalised into the fixed asset register or whether it remains incomplete.</p> <p>Ergon Energy has therefore drawn Capex data from three principle sources:</p> <ul style="list-style-type: none"> ▪ Ergon Energy's general ledger; ▪ Ellipse Project Accounting module; and ▪ Excel worksheet for categorisation of WIP construction assets based on Ellipse Estimating module data. <p>In all cases the total Capex is reconciled back to the totals contained in the general ledger.</p> <p>Direct Purchases were extracted from a transactional level report direct from the general ledger which provides details about the asset purchased. This permits reporting in the appropriate asset category as required in the Regulatory Accounting Statements.</p> <p>Where the Project has been capitalised, Business Property Unit codes (BPU) are recorded against the Project to assign the asset category for capitalisation. A mapping process is undertaken to identify the AER asset category. This process also identifies unregulated Capex to be excluded.</p> <p>Where the Project remains under construction and is yet to be capitalised, details are extracted from the Ellipse estimating module to ascertain the types of assets under construction.</p> <p>Once the information is extracted, the mapping tables are applied to convert the type of assets into the RIN asset categories per below methodologies and assumptions.</p>

Minimum Requirements	Ergon Energy Response
Methodology and assumption's applied in relation to Actual Information	<p data-bbox="544 174 1441 277">Ergon Energy has reported forecast and actual Financial Information for SCS Capex by purpose, in categories reflective of those used in AER's final 2015-20 Distribution Determination for Ergon Energy.</p> <p data-bbox="544 293 1441 499">Ergon Energy has sourced categories from Attachment 6 (Capital Expenditure) of the 2015-20 Distribution Determination, Table 6.3 (assessment of required capex by capex driver 2015–20), and notes capitalised overheads are presented as a separate category. As such, all other categories will be presented as directly attributable costs (exclusive of overheads).</p> <p data-bbox="544 517 1441 584">Ergon Energy has reported expenditure in table 8.2.1 <u>inclusive</u> of all capital contributions per RIN requirements.</p> <p data-bbox="544 602 1441 880">Ergon Energy has removed any sharing of assets from SCS reported expenditure. The definition requires Capex to be the amounts included in the Regulatory Asset Base for Ergon Energy. In Ergon Energy's Final Distribution Determination Attachment 2 (RAB), heading (Separation of ACS and unregulated assets) the AER removed the equivalent of the ACS usage value of assets from the RAB. This approach also meets requirements of Ergon Energy's AER approved CAM par 9.3, Treatment of Capital Expenditure and Shared Assets.</p> <p data-bbox="544 898 735 929">Capex – Actual</p> <p data-bbox="544 947 1347 1014">Ergon Energy makes the below comments in relation to the process undertaken to report actual Capex by Categories:</p> <ul style="list-style-type: none"> <li data-bbox="544 1032 1441 1323"> <p>▪ Metering</p> <p>Of note, there has been a reclassification of metering services from standard control to alternative control for Type 5 & 6 metering as outlined in Ergon Energy's 2015-20 Final Distribution Determination at Attachment 13 (Classification of Services). As such, Type 5 & 6 metering will not be reported in Table 8.2.1, rather they will be reported in Table 8.2.3 as an ACS. Caution would need to be taken when comparing metering costs for SCS with prior years.</p> <li data-bbox="544 1341 1441 1458"> <p>▪ Non-network</p> <p>Non-network capex is extracted from projects and also from direct purchases</p> <p data-bbox="544 1476 1326 1543">The process used in reporting Capitalised overheads, and Capital Contributions is described below:</p> <ul style="list-style-type: none"> <li data-bbox="544 1561 1441 1794"> <p>▪ Capitalised overheads</p> <p>Within the Ergon Energy Ledger shared costs that have been charged via the overhead allocation process in accordance with the CAM are identified by an element code of 8100 within the chart of accounts hierarchy. The numbers shown against the category, 'Capitalised Overheads' are a summary of these overhead costs .</p> <li data-bbox="544 1812 1441 1995"> <p>▪ Capital Contributions</p> <p>Actual Capital Contributions are not recorded against specific asset categories in the Ellipse general ledger. Therefore, an apportionment process has been applied to report against asset categories. This is based on the percentage split of asset categories for CICW</p>

Minimum Requirements	Ergon Energy Response
	<p>expenditure from the Ellipse Project Accounting module.</p> <p>The process used in categorising actual capex costs by voltage level is described below:</p> <p><i>Voltage levels</i></p> <p>Ergon Energy has assigned capex to subtransmission, High Voltage (HV) , Low Voltage (LV), and other in accordance with CA RIN definitions in the absence of AR RIN definitions and to ensure alignment in reporting between RIN's.</p> <p>Capex has been categorized into Subtransmission, HV, LV and other using the following logic:</p> <ul style="list-style-type: none"> ▪ <i>Subtransmission:</i> where the nominal voltage is above 33kV, or transforms any voltage to levels above 33kV; ▪ <i>High Voltage:</i> where the nominal voltage is at or below 33 kV and above 11 kV, or distribute electricity at voltage levels between the sub transmission and LV sections of the network; ▪ <i>Low Voltage:</i> A line that is not a subtransmission line or a HV feeder or an overhead service wire or an underground service cable. <p>The dissection by voltage class is prepared by reference to the Asset Register asset class which gives the voltage of each distribution or subtransmission asset. These are appropriately summarized and used to populate the relevant table.</p> <p>The capex numbers are also adjusted for the proportion of those assets that will be used to provide services other than standard control capex. The amount of the reduction is determined after consideration of the appropriate drivers.</p> <p>The movement in provisions by asset class is drawn from the calculations performed for the Benchmarking RIN which identifies the capex component for each movement. The total of these movements are then pro-rated across the various asset classes.</p> <p><i>Related Party Margin Expenditure</i></p> <p>'Related Party Margin Expenditure' comprises only profit margins or management fees paid directly or indirectly to related party contractors (not including actual incurred expenses of the related party contractor) for the regulatory reporting period.</p> <p>Ergon Energy does not have any profit margins or management fees paid directly or indirectly for related party contracts to report.</p> <p>Capex - CPI adjusted Forecast</p> <p>Ergon Energy has used the forecasts contained in its 2015-20 Distribution Determination, adjusted for the impact of actual inflation outcomes to be in the same dollar terms as the actual data reported</p> <p>The adjusted amounts were calculated by allowing for a change between forecast and actual Consumer Price Index (CPI) for the 2017-18 regulatory year in the Post Tax Revenue Model (PTRM).</p> <p>The actual CPI entered into the PTRM is consistent with Ergon Energy's annual Pricing Proposal and is based on the relevant Australian Bureau of</p>

Minimum Requirements	Ergon Energy Response
	<p>Statistics (ABS) December to December CPI weighted average of 8 capital cities result sourced from the ABS website.</p> <p>In order to disaggregate the forecasts, a separate Excel spread sheet was produced to recast the AER approved forecast Capex and forecast capital contributions into the RIN formats and into \$2017-18 terms. These figures were then reconciled against the forecast Capex and forecast capital contribution figures derived at the macro level from the CPI adjusted PTRM noted above.</p>
Population of Estimated Information in Templates	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
Why it was not possible to provide actual information, what steps have been taken to ensure it can provide the information in the future, the basis for the estimate, approach use, assumptions made and reasons why the estimate is best estimate given the information sought in this Notice.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
How Estimated Information has been produced	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Table 8.2.2 – Capex by Purpose – Material Difference Explanation

Table 2 - Addressing Minimum BOP requirements

Minimum Requirements	Ergon Energy Response
Consistency with Notice requirements	<p>Ergon Energy has prepared the information provided in Template 8.2 Capex, Table 8.2.2 Capex by Purpose – Material Difference Explanation in accordance with the Notice requirements, including Schedule 1 requirements, the Principles and Requirements set out in Appendix A and definitions in Appendix F to the Notice.</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice.</p> <p>NB. Ergon Energy has reported expenditure in table 8.2.1 <u>inclusive</u> of all capital contributions per RIN requirements.</p> <p>Table 8.2.2 requires Ergon Energy to provide an explanation of the main drivers for material differences between forecast and actual expenditure for SCS that are identified in Table 8.2.1.</p> <p>Differences are calculated in Table 8.2.1 – Capex by Purpose for all SCS categories presented therein.</p> <p>Determination of whether differences are material aligns to the defined term 'Materiality' in paragraph 5 of the accounting standard AASB 108 as per the definition in Appendix F to the Notice. Generally, any material differences are those which are greater than 10% (between AER approved forecasts (adjusted for the impact of actual inflation outcomes) and Ergon Energy's reported actual amount).</p> <p>Where the difference between forecast and actual expenditure shown in table 8.2.1 is a Material Difference the main factors driving the difference are entered in Table 8.2.2 Capex by Purpose – Material Difference Explanation.</p> <p>Please also refer to Explanations for material variances (Capex, Opex) which reports against</p> <p>Schedule 1 Para 1.5-1.8 also requires Ergon Energy to identify each difference (where the difference is equal to or greater than ± 10 per cent) between the amount reported in the Financial Information Templates and the amount provided for in the 2015-20 Distribution Determination for the following:</p> <ul style="list-style-type: none"> total actual capex and total forecast capex. Explain the reasons for each difference identified

Table 8.2.3 – Capex Other

Table 3 - Addressing Minimum BOP requirements

Minimum Requirements	Ergon Energy Response
Consistency with Notice requirements	<p>Ergon Energy has prepared the information provided in Template 8.2 Capex, Table 8.2.3 Capex Other in accordance with the Notice requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the Notice.</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice.</p>
Population of Actual Information in templates	<p>Ergon Energy has provided actual information in Table 8.2.3 for the 2017-18 regulatory year.</p> <p>Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.</p>
Source of Actual Information	<p>Refer to comments made in relation to source of expenditure in Table 8.2.1 – Capex by Purpose – Standard Control Services above.</p>
Methodology and assumption's applied in relation to Actual Information	<p>Table 8.2.3 requires Ergon Energy to report actual and forecast capex that provides ACS.</p> <p>The capex categories for ACS are pre-populated in Table 8.2.3 (Other Capex).</p> <p>Ergon Energy has reported expenditure in table 8.2.3 <u>exclusive</u> of all capital contributions per RIN requirements.</p> <p>Capex - Actual</p> <p>Ergon Energy makes the below comments in relation to the process undertaken to report actual Capex by the categories for ACS as pre-populated in Table 8.2.3 (Other Capex).</p> <p>Of note, the categories use AER services which align with Appendix A (AER final decision on classification of services for Queensland) of Attachment 13 (Classification of Services) in the 2015-20 Distribution Determination.</p> <ul style="list-style-type: none"> ▪ Public Lighting <p>Data for street lighting is extracted from the Ellipse system in the same manner described above under the Capex heading within the Methodology and Assumption Section for table 8.2.1 – Capex by Purpose – Standard Control Services with further filters applied to activity codes to obtain ACS (street lighting).</p> ▪ Connection Services <p>Data for connection services is extracted from the Ellipse system in the same manner described above under the Capex heading within the Methodology and Assumption Section for table 8.2.1 – Capex by Purpose – Standard Control Services with further filters applied to activity codes to obtain Connection Services capex.</p>

Minimum Requirements	Ergon Energy Response
	<ul style="list-style-type: none"> <p data-bbox="603 174 879 208">▪ Metering Services</p> <p data-bbox="651 230 1425 409">Data for metering services is extracted from the Ellipse system in the same manner described above under the Capex heading within the Methodology and Assumption Section for table 8.2.1 – Capex by Purpose – Standard Control Services with further filters applied to activity codes to obtain Metering Services capex.</p> <p data-bbox="651 427 1441 701">Of note, there has been a reclassification of metering services from standard control to alternative control for Type 5 & 6 metering as outlined in Ergon Energy's 2015-20 Final Distribution Determination at Attachment 13 (Classification of Services). As such, Type 5 & 6 metering will not be reported in Table 8.2.1, rather they will be reported in Table 8.2.3 as an ACS. Caution would need to be taken when comparing metering costs for SCS with prior years.</p> <p data-bbox="603 728 994 761">▪ Ancillary Network Services</p> <p data-bbox="651 784 1425 963">Data for Ancillary Services is extracted from the Ellipse system in the same manner described above under the Capex heading within the Methodology and Assumption Section for table 8.2.1 – Capex by Purpose – Standard Control Services with further filters applied to activity codes to obtain Ancillary Services capex.</p> <p data-bbox="603 985 906 1019">▪ Negotiated Services</p> <p data-bbox="651 1041 1441 1182">Ergon Energy does not have any services classified as Negotiated for the current regulatory control period. Accordingly, Ergon Energy has not populated this row despite it not being greyed out as 'not for completion'.</p> <p data-bbox="603 1249 1417 1317">The process used in categorising actual capex costs by voltage level is described below:</p> <p data-bbox="603 1335 783 1368">Voltage levels</p> <p data-bbox="603 1388 1433 1489">Ergon Energy has assigned capex to subtransmission, HV , LV, and other in accordance with CA RIN definitions in the absence of AR RIN definitions and to ensure alignment in reporting between RIN's.</p> <p data-bbox="603 1507 1425 1574">Capex has been categorized into Subtransmission, HV, LV and other using the following logic:</p> <ul style="list-style-type: none"> <p data-bbox="603 1592 1425 1659">▪ Subtransmission: where the nominal voltage is above 33kV, or transforms any voltage to levels above 33kV;</p> <p data-bbox="603 1680 1425 1780">▪ High Voltage: where the nominal voltage is at or below 33 kV and above 1 kV, or distribute electricity at voltage levels between the sub transmission and LV sections of the network;</p> <p data-bbox="603 1800 1409 1901">▪ Low Voltage: A line that is not a subtransmission line or a HV feeder or an overhead service wire or an underground service cable.</p> <p data-bbox="603 1919 820 1953">Capex - Forecast</p> <p data-bbox="603 1973 1441 2007">Forecasts must be adjusted for the impact of actual inflation outcomes</p>

Minimum Requirements	Ergon Energy Response
	<p>to be in the same dollar terms as the actual data reported in the Financial Information Templates at Appendix B.</p> <p>Actual Inflation applied is consistent with Ergon Energy's annual Pricing Proposal obtained from the ABS for the Weighted Average of 8 capital cities Dec – Dec period sourced from the ABS website.</p> <p>Forecast capex costs for Public Lighting and Metering Services have been obtained from the Metering Capex data model, and Public Lighting pricing model issued with the 2015-20 Distribution Determination adjusted for the impact of actual inflation.</p> <p>As the form of control for Ancillary network services and Connection Services are fee based or quoted services the AER did not approve Capex forecasts. As such, no financial values for forecasts are reported for these categories.</p> <p><i>Related Party Margin Expenditure</i></p> <p>'Related Party Margin Expenditure' comprises only profit margins or management fees paid directly or indirectly to related party contractors (not including actual incurred expenses of the related party contractor) for the regulatory reporting period.</p> <p>Ergon Energy does not have any profit margins or management fees paid directly or indirectly for related party contracts to report.</p>
Population of Estimated Information in Templates	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
Why it was not possible to provide actual information, what steps have been taken to ensure it can provide the information in the future, the basis for the estimate, approach use, assumptions made and reasons why the estimate is best estimate given the information sought in this Notice.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
How Estimated Information has been produced	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Table 8.2.4 – Capex by Asset Class

Table 4 - Addressing Minimum BOP requirements

Minimum Requirements	Ergon Energy Response
Consistency with Notice requirements	<p>Ergon Energy has prepared the information provided in Template 8.2 Capex, Table 8.2.4 Capex by Asset Class in accordance with the Notice requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the Notice.</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice</p>
Population of Actual Information in templates	<p>Ergon Energy has provided actual information in Table 8.2.4 for the 2017-18 regulatory year.</p> <p>Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.</p>
Source of Actual Information	<p>Refer to comments made in relation to source of expenditure in Table 8.2.1 – Capex by Purpose – Standard Control Services above.</p>
Methodology and assumption's applied in relation to Actual Information	<p>Table 8.2.4 (Capex by Asset Class) requires Ergon Energy to report forecast and actual Financial Information for SCS Capex using categories which align with those set out in Ergon Energy's Post Tax Revenue Model and Roll Forward Model issued with the 2015-20 Distribution Determination as per definitions provided in Appendix F to the Notice.</p> <p>Further, the AER requires reporting for Movements in provisions allocated to as-incurred capex by asset class. In accordance with the AER's clarification on the 15 April 2016, the purpose for providing this information is to adjust capex reported in the RAB in the Economic Benchmarking RIN Template 3.3 (Assets) commencing from 2015/16.</p> <p>Ergon Energy has reported expenditure in table 8.2.4 <u>exclusive</u> of all capital contributions per RIN requirements (only tables 8.2.1 and 8.2.5 include capital contributions).</p> <p>Finally, to meet with the definition of capex in Appendix F to the Notice, Ergon Energy is required to remove any sharing of assets in the delivery of ACS. The definition requires Capex to be the amounts included in the Regulatory Asset Base for Ergon Energy. In Ergon Energy's Final Distribution Determination Attachment 2 (RAB), heading (Separation of ACS and unregulated assets) the AER removed the equivalent of the ACS usage value of assets from the RAB. This approach will also meet the requirements of Ergon Energy's approved CAM par 9.3 Treatment of Capital Expenditure and Shared Assets.</p> <p>Ergon Energy makes the below comments in relation to the process undertaken to report actual Capex by Asset Class in Table 8.2.4.</p>

Minimum Requirements	Ergon Energy Response
	<p>Capex - Asset Class</p> <p>Ergon Energy's asset classes in the the Roll Forward Model and Post-tax Revenue Model are duplicated to separate assets purchased prior to and after 1 July 2010 due to the applicability of differing asset lives. Therefore, for comparability purposes Ergon Energy has selected the asset classes from the RFM. Of note, some asset classes (Street Lighting, Metering Type 5-6) are dedicated to the delivery of ACS, as such no financial values will be reported against these classes.</p> <p>Capex - Actual</p> <p>Capex by asset class is extracted from the Project Accounting module in the Ellipse ERP and by matching to fixed register asset classes and after balancing to the General Ledger provides capex in the AER capex by Asset Class reporting categories. The adjustment in capex for assets used for non-scs purposes is also deducted. This amount is determined by considering a number of relevant cost drivers.</p> <p>Capex - Forecast</p> <p>Forecasts must be adjusted for the impact of actual inflation outcomes to be in the same dollar terms as the actual data reported in the Financial Information Templates at Appendix B.</p> <p>Ergon Energy has used the forecasts contained in its 2015-20 Distribution Determination, adjusted for the impact of actual inflation outcomes to be in the same dollar terms as the actual data reported.</p> <p>The adjusted amounts were calculated by allowing for a change between forecast and actual CPI for the 2017-18 regulatory year in the PTRM.</p> <p>The actual CPI entered into the PTRM is consistent with Ergon Energy's annual Pricing Proposal and is based on the relevant ABS December to December CPI weighted average of 8 capital cities result sourced from the ABS website.</p> <p>Movements in provisions allocated to as-incurred capex by asset class</p> <p>The movement in provisions is calculated in the Economic Benchmarking RIN Template 3.2.3 Provisions including the amount that relates to capex. This total amount is pro-rated across the asset classes.</p>
Population of Estimated Information in Templates	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
Why it was not possible to provide actual information, what steps have been taken to ensure it can provide the information in the future, the basis for the estimate, approach use, assumptions made	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Minimum Requirements	Ergon Energy Response
and reasons why the estimate is best estimate given the information sought in this Notice.	
How Estimated Information has been produced	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Table 8.2.5 – Capital Contribution by Asset Class

Table 5 - Addressing Minimum BOP requirements

Minimum Requirements	Ergon Energy Response
Consistency with Notice requirements	<p>Ergon Energy has prepared the information provided in Template 8.2 Capex, Table 8.2.5 Capital Contribution by Asset Class in accordance with the Notice requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the Notice.</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice.</p> <p>Categories in Tables 8.2.5: Capital Contributions by Asset Class will be automatically populated as they are linked to Table 8.2.4: Capex by Asset Class.</p>
Population of Actual Information in templates	<p>Ergon Energy has provided actual information in Table 8.2.5 for the 2017-18 regulatory year.</p> <p>Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.</p>
Source of Actual Information	Refer to comments made in relation to source of expenditure in Table 8.2.1 – Capex by Purpose – Standard Control Services above.
Methodology and assumption's applied in relation to Actual Information	<p>Ergon Energy has reported expenditure in table 8.2.5 (and 8.2.1) <u>inclusive</u> of all capital contributions per RIN requirements.</p> <p>Ergon Energy confirms, as per Appendix A 3.1 Capital Contributions is treated in accordance with the method approved in the 2015-20 Distribution Determination.</p> <p>Capital Contributions - Actual</p> <p>Actual Capital Contributions are not recorded against specific asset categories in the Ellipse general ledger. Therefore, an apportionment process has been applied to report against asset categories. This is based on the percentage split of asset categories for CICW expenditure from the Ellipse Project Accounting module.</p> <p>Capital Contributions - Forecast</p> <p>Ergon Energy has sourced financial values for forecasts from Table 6.3 (our assessment of required capex by capex driver 2015–20) to Ergon Energy's 2015-20 Distribution Determination, adjusted for the impact of actual inflation.</p>
Population of Estimated Information in Templates	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
Why it was not possible to provide actual information, what steps have been taken to ensure it can provide	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Minimum Requirements	Ergon Energy Response
the information in the future, the basis for the estimate, approach use, assumptions made and reasons why the estimate is best estimate given the information sought in this Notice.	
How Estimated Information has been produced	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Table 8.2.6 – Disposal by Asset Class

Table 6 - Addressing Minimum BOP requirements

Minimum Requirements	Ergon Energy Response
Consistency with Notice requirements	<p>Ergon Energy has prepared the information provided in Template 8.2 Capex, Table 8.2.6 Disposal by Asset Class in accordance with the Notice requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the Notice.</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice.</p> <p>Categories in Table 8.2.6: Disposals by Asset Class will automatically populate as they are linked to Table 8.2.4: Capex by Asset Class.</p>
Population of Actual Information in templates	Ergon Energy has provided actual information in Table 8.2.6 for the 2017-18 regulatory year. Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.
Source of Actual Information	Refer to comments made in relation to source of expenditure in Table 8.2.1 – Capex by Purpose – Standard Control Services above.
Methodology and assumption's applied in relation to Actual Information	<p>Ergon Energy has reported expenditure in table 8.2.6 <u>exclusive</u> of all capital contributions per RIN requirements (only tables 8.2.1 and 8.2.5 include capital contributions).</p> <p>Disposals - Actual</p> <p>The financial values for actual disposals are required to be reported on a gross proceeds from the sale of assets basis as per definitions provided in Appendix F to the Notice.</p> <p>The Ergon Energy fixed assets register records and reports the value of asset disposals as well as any proceeds received. This reporting is by the asset categories used in the asset register, these are mapped to the AER reporting categories using the mapping table used for the preparation of other AER templates requiring a similar dissection.</p> <p>Disposals - Forecast</p> <p>Ergon Energy has sourced financial values for forecasts from the Post Tax Revenue Model issued with the 2015-20 Distribution Determination, adjusted for the impact of actual inflation.</p> <p>Actual Inflation applied is consistent with Ergon Energy's annual Pricing Proposal obtained from the ABS for the Weighted Average of 8 capital cities Dec – Dec period.</p>
Population of Estimated Information in Templates	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
Why it was not possible to provide actual information, what steps have been taken to ensure it can provide the information in the future, the basis for the estimate, approach	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Minimum Requirements	Ergon Energy Response
use, assumptions made and reasons why the estimate is best estimate given the information sought in this Notice.	
How Estimated Information has been produced	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Annual Reporting RIN Basis of Preparation



Template 8.4 Opex

1 July 2017 to 30 June 2018



Version Control

Version	Date	Description
1.0	31/10/18	Final as submitted to AER on 31 October 2018

Foreword

In response to requirements of the Australian Energy Regulator's (AER) Annual Reporting Regulatory Information Notice (RIN), and specific to the information presented in Template 8.4 Operating Expenditure (Opex) of Ergon Energy's completed 2017-18 Annual Reporting RIN templates (17-18 AR RIN Templates), this Basis of Preparation document has been prepared by Ergon Energy with a view to:

- demonstrate how the information provided in relation to Template 8.4 Opex (and associated Tables and/or variables) is consistent with the requirements of this notice ;
- explain the source from which Ergon Energy obtained the information provided in the template;
- explain the methodology Ergon Energy applied to provide the required information, including any assumptions Ergon Energy made.

In circumstances where Ergon Energy has provided input using Estimated Information in relation to Template 8.4 Operating Expenditure (Opex), Ergon Energy has made comment herein as to:

- why an estimate was required, including why it was not possible to use Actual Information;
- the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is a best estimate, given the information sought in the Notice; and;
- what steps Ergon Energy is taking to ensure it can provide the information in the future.

The Basis of Preparation document should be read in conjunction with the information presented in Template 8.4 Operating Expenditure (Opex) in Ergon Energy's completed 17-18 AR RIN Templates as well as the following Schedule 1 responses presented in attachments outlined below.

Table 1: Additional Requirements (Attachments to Basis of Preparation)

Notice Reference Paragraph	Requirement	Attachment(s) to Template BOP
Schedule 1 Para 1.1(c)	Provide a Microsoft Excel workbook or other information that reconciles and explains Adjustments between the Audited Statutory Accounts and the Financial Information Templates. Ergon Energy must separately list each Adjustment made to derive the Financial Information Templates. For each Adjustment made: <ul style="list-style-type: none"> ▪ specify the amount of Adjustment; ▪ describe the nature and basis of each Adjustment 	Reconciliation (Audited Statutory Accounts and Regulatory Accounting Statements) (EE1718AR RECON)
Schedule 1 Para 4	In relation to Ergon Energy's Service segments (refers to standard control services (SCS), alternative control services (ACS), negotiated services), identify each Item in the Financial Information Templates that is: <ul style="list-style-type: none"> ▪ directly attributable from the Distribution Business to a service segment; and <ul style="list-style-type: none"> ○ state the amount of the Item that has been directly attributable to a service segment. ▪ not directly attributable but is allocated on a causation basis 	Cost Allocation to Service Segments (EE1718AR CASS)

Notice Reference Paragraph	Requirement	Attachment(s) to Template BOP
	<p>from the Distribution Business to a service segment; and</p> <ul style="list-style-type: none"> ○ state the amount of the Item that has been allocated; ○ explain the method of allocation and reasons for choosing that method; and ○ state the numeric amount of the allocator(s) used. <ul style="list-style-type: none"> ▪ not directly attributable and cannot be allocated on a causation basis from the Distribution Business to a service segment. <ul style="list-style-type: none"> ○ state the amount of the Item and whether it was material; ○ explain the method of allocation and reasons for choosing that method; and ○ explain the reason(s) why it cannot be allocated on a causation basis. 	

Enquiries or further communications should be directed to:

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Template 8.4 Operating Expenditure (Opex)

Table 8.4.1 – Operating & Maintenance Expenditure by Purpose

Table 1 - Addressing Minimum BOP requirements

Minimum Requirements	Ergon Energy Response
Consistency with Notice requirements	<p>Ergon Energy has prepared information provided in Template 8.4 Operating Expenditure (Opex), Table 8.4.1 Operating & Maintenance Expenditure in accordance with the Notice requirements, including the Principles and Requirements set out in Appendix E and definitions in Appendix F to the Notice.</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice</p> <p>Ergon Energy has not populated information in relation to Negotiated Services which is greyed out and not applicable in this regulatory control period.</p>
Population of Actual Information in templates	<p>Ergon Energy has provided actual information in Table 8.4.1 for the 2017-18 regulatory year.</p> <p>Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.</p>
Source of Actual Information	<p>Ergon Energy has sourced data from three principle sources:</p> <ul style="list-style-type: none"> ▪ Ergon Energy's general ledger; ▪ Ellipse Project Accounting module; and ▪ Microsoft Excel worksheet for categorisation of WIP construction assets based on Ellipse Estimating module data. <p>In all cases the total Opex is reconciled back to the totals contained in the general ledger.</p>
Methodology and assumption's applied in relation to Actual Information	<p>Ergon Energy is to list the opex categories identified in Ergon Energy's regulatory proposal at table 3.2.1.1 current opex categories and cost allocations as per instructions.</p> <p>Ergon Energy must specify any expenditure category where the expense is more than 5 per cent of the total SCS opex.</p> <p>Ergon Energy makes the below comments in relation to the process undertaken to report actual Opex by Categories:</p> <p>Preventive Maintenance</p> <p>Comprises schedule inspection and maintenance activity. This work is carried out at predetermined intervals, or in accordance with prescribed intervals, or in accordance with prescribed criteria, in order to minimise the probability of network failure, minimise total life cycle costs, meet required operating conditions and performance standards, and keep Ergon Energy staff and the public safe. Work that is identified from this program can be</p>

Minimum Requirements	Ergon Energy Response
	<p>undertaken as either asset renewal (defect manual) Capex or corrective maintenance, so that forced and corrective maintenance can be averted.</p> <p>The cost of preventative maintenance is identified by separate codes within the general ledger is extracted for reporting total expenditure.</p> <p>The adjustment relates to the cost of preventative maintenance on Ergon Energy's isolated and unregulated assets. These costs are separately identified in the general ledger.</p> <p>The cost of preventative maintenance on assets that provide ACS is also identified by an activity code within the general ledger coding structure.</p> <p>Corrective Maintenance</p> <p>Involves planned repair work identified and assessed as defects from preventative maintenance or customer reports in order to prevent an unplanned outage or dangerous electrical event. This category of work is planned and carried out regularly. The largest element of Ergon Energy's corrective maintenance program relates to vegetation management.</p> <p>The cost of corrective maintenance is identified by separate codes within the general ledger. Reporting involves extracting the total expenditure.</p> <p>The adjustment relates to the cost of corrective maintenance on Ergon Energy's isolated and unregulated assets. These costs are separately identified in the general ledger. The cost of corrective maintenance on assets that provide ACS is also identified by an activity code within the general ledger coding structure.</p> <p>Forced Maintenance</p> <p>Involves unplanned repair, replacement or restoration work that is carried out as quickly as possible after the occurrence of an unexpected event or failure in order to bring the distribution network to at least its minimum acceptable and safe operating condition. Although it is unplanned, an annual provision is made for this category of expenditure.</p> <p>The cost of forced maintenance is identified by separate codes within the general ledger. Reporting involves extracting the total expenditure.</p> <p>The adjustment relates to the cost of forced maintenance on Ergon Energy's isolated and unregulated assets. These costs are separately identified in the general ledger.</p> <p>The cost of forced maintenance on assets that provide ACS is also identified by an activity code within the general ledger coding structure.</p> <p>Other network maintenance</p> <p>Ergon Energy's maintenance costs are identified by specific codes within the General Ledger hence there are no amounts to be included in 'other'</p> <p>Network Operating costs</p> <p>Network operating costs are separately identified in the Ellipse general ledger. Adjustments relate to amounts directly attributed to the isolated networks.</p>

Minimum Requirements	Ergon Energy Response
	<p>Meter reading</p> <p>Costs incurred in Ergon Energy's capacity as a Metering Data Provider for Types 5, 6, and 7 metering installations and customer service activity reported against the relevant Service Segment in accordance with Ergon Energy's Final Distribution Determination Attachment 13 (Classification of Services).</p> <p>The cost of meter reading is identified by separate codes within the general ledger. Reporting requires extracting the total expenditure from designated codes.</p> <p>The adjustment relates to the cost of meter reading for customers on Ergon Energy's isolated and unregulated networks. These costs are separately identified in the general ledger.</p> <p>Customer service (including Call Centre)</p> <p>Customer Service relates to the cost of providing customer service to customers.</p> <p>Customer Service costs is separately identified in the general ledger.</p> <p>The adjustment relates to the cost of providing customer service to customers on Ergon Energy's isolated and unregulated networks.</p> <p>Other Operating Costs</p> <p>The regulated component of these costs relates, in part, to the DM incentive arrangements, GSLs which are separately identified in the Ellipse general ledger.</p> <p>The adjustment relates to unclassified costs of operating the isolated systems, redundancy payments and unregulated assets</p> <p>Training</p> <p>Training relates to the cost of providing Training to Employees.</p> <p>Training costs are separately identified in the general ledger.</p> <p>Feed-in-tariff</p> <p>A jurisdictional scheme associated with the Queensland Government Solar Bonus Scheme. For 2017-18 jurisdictional schemes are disclosed separately in Table 8.1.1.2 Expenditure and Template 7.10 Jurisdictional Schemes.</p> <p>The Feed-in Tariff is separately identified in the general ledger.</p> <p>Debt raising costs</p> <p>Following the transfer of ownership of Ergon and Energex from the state to Energy Queensland Limited (EQL) on the 30 June 2017, transfers of debt for both DNSPs were made in order to comply with the Government Owned Corporations Regulation 2016 (Regulation).</p> <p>The share of the State Government debt pool held by the DNSPs prior to the formation of the group was a liability held by each DNSP. In accordance with the Regulation, all DNSP debt (Queensland Treasury Corporation Loans)</p>

Minimum Requirements	Ergon Energy Response
	<p>was transferred back to the Government debt pool. It was then transferred to the parent entity (EQL) at the carrying amount, such that: A share of Queensland debt is held in the EQL parent entity. Importantly, no debt raising costs were incurred by the DNSPs during 2017/18 as no debt was raised or refinanced.</p> <p>In accordance with Appendix A, Principles and Requirements in the AR RIN at par 1.1 (e) and (f) the Financial Templates are presented on a fair and consistent basis, from accounting records that underlie the costs and liabilities (amongst others) and be prepared in accordance with the general rules and format, and use the accounting principles and policies applicable to the Audited Statutory Accounts except as otherwise required by the Notice.</p> <p>Over absorbed overheads</p> <p>Ergon Energy's change in CAM was approved in July 2014. As such with reference to par 9.5 Application and Review of Shared Cost Percentage Rates, where any unallocated balance is less than 10% of the EECL overhead pool, it will remain unallocated. As such reporting of this immaterial difference will no longer be reported as other operating costs for SCS, rather it is presented in the Adjustments column.</p> <p>Non-network alternatives</p> <p>Non-Network Alternatives (NNA) are systems and processes implemented to reduce peak demand on the shared network. As such, all expenditure is related to SCS.</p> <p>NNA costs are separately identified in the general ledger.</p> <p>AEMC</p> <p>A jurisdictional scheme associated with obligated funding of the Australian Energy Market Commission (AEMC) under the Distribution Authority. For 2017-18 jurisdictional schemes are disclosed separately in Table 8.1.1.2 Expenditure and Template 7.10 Jurisdictional Schemes.</p> <p>AEMC costs are separately identified in the general ledger.</p> <p>Corporate Restructuring</p> <p>Corporate Restructuring costs relating to the organizational restructure of Ergon Energy including employee redundancy payments.</p> <p>Corporate restructuring costs are separately identified in the general ledger.</p> <p>Not Proceeding Network Initiated Capital Works</p> <p>Not proceeding Network initiated capital works are costs Ergon Energy has incurred in progressing Network initiated capital works which did not proceed to completion.</p> <p>Not proceeding Network initiated capital works costs are separately identified in the general ledger.</p> <p>CPI Adjusted Forecasts</p> <p>Forecasts must be adjusted for the impact of actual inflation outcomes to be in the same dollar terms as the actual data reported in the Financial</p>

Minimum Requirements	Ergon Energy Response
	<p>Information Templates at Appendix B.</p> <p>Ergon Energy has used the forecasts contained in its as 2015-20 Distribution Determination, and adjusted these amounts for actual consumer price index (CPI).</p> <p>The adjusted amounts were calculated by allowing for a change between forecast and actual CPI for the 2017-18 regulatory year in the Post Tax Revenue Model (PTRM).</p> <p>The actual CPI entered into the PTRM is based on the relevant Australian Bureau of Statistics (ABS) December to December CPI weighted average of 8 capital cities result sourced from the ABS website.</p>
Population of Estimated Information in Templates	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
Why it was not possible to provide actual information, what steps have been taken to ensure it can provide the information in the future, the basis for the estimate, approach use, assumptions made and reasons why the estimate is best estimate given the information sought in this Notice.	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
How Estimated Information has been produced	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Table 8.4.2 – Operating & Maintenance Expenditure by Purpose – Margins Only

Table 1 - Addressing Minimum BOP requirements

Minimum Requirements	Ergon Energy Response
Consistency with Notice requirements	<p>Ergon Energy has prepared information provided in Template 8.4 Operating Expenditure (Opex), Table 8.4.2 Operating & Maintenance Expenditure by Purpose Margins Only in accordance with the Notice requirements, including the Principles and Requirements set out in Appendix E and definitions in Appendix F to the Notice.</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice</p> <p>Ergon Energy has not populated information in relation to Negotiated Services which is greyed out as results are automatically populated with formulas within the table.</p>
Population of Actual Information in templates	Ergon Energy has provided Actual Information, in accordance with the AER's definition.
Source of Actual Information	Ergon Energy has sourced data from Ergon Energy's general ledger in Ellipse.
Methodology and assumption's applied in relation to Actual Information	<p><i>Related Party Margin Expenditure</i></p> <p>'<i>Related Party Margin Expenditure</i>' comprises only profit margins or management fees paid directly or indirectly to related party contractors (not including actual incurred expenses of the related party contractor) for the regulatory reporting period</p> <p>For 2017-18 Ergon Energy does have profit margins or management fees paid directly or indirectly for related party contracts. Disclosed in table 8.4.2.</p> <p>Energex provided Margin information based on invoice numbers issued to Ergon that fall within Ergon's AP data. The transactions with related party margins were mapped into the AR OPEX RIN categories.</p> <p>Ergon Energy confirms, as required by the AER in Appendix F, Definitions that it has assessed its response to this templates in accordance with the related party definition.</p>
Population of Estimated Information in Templates	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.
Why it was not possible to provide actual information, what steps have been taken to ensure it can provide the information in the future, the basis for the estimate,	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Minimum Requirements	Ergon Energy Response
approach use, assumptions made and reasons why the estimate is best estimate given the information sought in this Notice.	
How Estimated Information has been produced	Not applicable. Ergon Energy has provided Actual Information, in accordance with the AER's definition.

Table 8.4.3 – Operating & Maintenance Expenditure Explanation of Material Difference

Table 1 - Addressing Minimum BOP requirements

Minimum Requirements	Ergon Energy Response
Consistency with Notice requirements	<p>Ergon Energy has prepared information provided in Template 8.4 Operating Expenditure (Opex), Table 8.4.3 Operating & Maintenance Expenditure Explanation of Material Difference in accordance with the Notice requirements, including the Principles and Requirements set out in Appendix E and definitions in Appendix F to the Notice.</p> <p>Ergon Energy has populated all variables for cells shaded yellow as required by the Notice.</p> <p>Table 8.4.3 requires Ergon Energy to provide an explanation of the main drivers for material differences between forecast and actual expenditure for SCS that are identified in Table 8.4.1.</p> <p>Differences are calculated in Table 8.4.1 – Opex by Purpose for all SCS and ACS categories presented therein.</p> <p>Determination of whether differences are material aligns to the defined term 'Materiality' in accounting standard AASB 108 paragraph 5. Generally, any material differences are those which are greater than 5% to 10% (between AER approved forecasts (adjusted for the impact of actual inflation outcomes) and Ergon Energy's reported actual amount).</p> <p>Where the difference between forecast and actual expenditure are calculated in Table 8.4.1 the main factors driving the difference are entered in Table 8.4.3 – Operating & Maintenance Expenditure – Explanation of Material Difference. Please also refer to Explanations for material variances (Capex, Opex) which reports against Schedule 1 Para 1.5-1.8 also requires Ergon Energy to identify each difference (where the difference is equal to or greater than ± 10 per cent) between the amount reported in the Financial Information Templates and the amount provided for in the 2015-20 Distribution Determination for the following:</p> <ul style="list-style-type: none"> total actual opex and total forecast opex; and Explain the reasons for each difference identified.

