



Decision

Application by ActewAGL for revocation and substitution of 2009-14 ACT Distribution Determination

April 2012

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Summary

Under the National Electricity Law (NEL) and the National Electricity Rules (NER), the Australian Energy Regulator (AER) is responsible for the economic regulation of distribution network service providers (DNSPs) in the national electricity market (NEM).

In April 2009 the AER made a distribution determination for ActewAGL Distribution (ActewAGL), the DNSP in the Australian Capital Territory. The determination was for the period 1 July 2009 to 30 June 2014 (distribution determination).

Included in the distribution determination was an allowance for ActewAGL's superannuation operating expenditure (opex), a component of ActewAGL's corporate services opex. The AER also stated that it would apply its Efficiency Benefit Sharing Scheme (EBSS) and outlined the opex cost categories to be excluded from the operation of the EBSS for the 2009-14 regulatory control period. One of the exclusions from the operation of the EBSS were superannuation costs relating to defined benefit superannuation and retirement schemes. Payments to other types of superannuation schemes were not excluded.

On 27 February 2012, ActewAGL notified the AER of two errors in the 2009-14 ACT distribution determination. These errors were:

- \$5.7 million understatement of ActewAGL's revenue requirement
- the reporting of total forecast superannuation payments for the EBSS exclusion instead of payments associated with defined benefit schemes.

ActewAGL proposed that the distribution determination be revoked and a new determination made under clause 6.13 of the transitional chapter 6 rules. These provisions enable the AER to revoke and substitute a distribution determination where it is affected by a material error or deficiency relating to a mistake, accidental slip or omission, miscalculation or misdescription or other deficiency.

The AER has reviewed ActewAGL's application and considers the elements of clause 6.13 of the transitional chapter 6 rules have been met. The circumstances surrounding the errors are such that the AER will exercise its discretion to revoke and substitute the distribution determination to the extent necessary, to rectify both errors.

The relevant sections of the distribution determination that are impacted by the revocation and substitution are attached to this decision. ActewAGL's post tax revenue model (PTRM) has also been updated and can be found on the AER website, www.aer.gov.au.

1 Regulatory Requirements

The AER's distribution determination for ActewAGL was made under transitional provisions set out in appendix 1 of the NER (the transitional chapter 6 rules). These rules incorporate key aspects of the general chapter 6 rules, but also maintain certain aspects of the previous determination made by the ACT regulator, the Independent Competition and Regulatory Commission (ICRC).

Clause 6.13(a) of the transitional chapter 6 rules sets out the circumstances in which the AER may revoke a distribution determination during a regulatory control period, as follows:

The AER may (but is not required to) revoke a distribution determination during a regulatory control period if it appears to the AER that the determination is affected by a material error or deficiency of one or more of the following kinds:

- (1) a clerical mistake or an accidental slip or omission
- (2) a miscalculation or misdescription;
- (3) a defect in form;
- (4) a deficiency resulting from the provision of false or materially misleading information to the AER.

The remainder of clause 6.13 provides that where the AER revokes a distribution determination it must make a new determination in substitution for the revoked determination.¹ The substitute determination must only vary from the revoked determination to the extent necessary to correct the relevant error.² In addition, the AER must consult with the relevant DNSP and any other persons as the AER considers appropriate before revoking and substituting a determination.³

Clause 6.13 of the transitional chapter 6 rules is identical to the revocation and substitution provisions in the general chapter 6 rules.

1.1 Consultation

On 16 March 2012, the AER published a notice explaining the details of ActewAGL's application and calling for submissions from interested parties. No submissions were received.

On 29 March 2012 the AER met with representatives of ActewAGL to discuss its application. In response to a number of questions from the AER, on 30 March 2012 the AER received further information from ActewAGL.

¹ Clause 6.13(b), Transitional chapter 6 National Electricity Rules.

² Clause 6.13(c), Transitional chapter 6 National Electricity Rules.

³ Clause 6.13(d), Transitional chapter 6 National Electricity Rules.

2 ActewAGL application

On 27 February 2012, ActewAGL lodged an application for revocation and substitution with the AER. ActewAGL identified two errors relating to the forecast superannuation costs in its distribution determination.

ActewAGL requested that the AER use its discretion under clause 6.13 of the transitional chapter 6 rules to revoke and substitute its distribution determination to the extent necessary to rectify each error.

2.1 The errors

2.1.1 Superannuation forecast error

This error involves ActewAGL's forecast costs under two defined benefit superannuation schemes, the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation (PSS) scheme.

In its regulatory proposal ActewAGL applied the 2005/06 contribution rates to forecast its CSS and PSS liabilities over the regulatory control period, when it should have applied the 2006/07 rates. The incorrect rates were 29.0% for the CSS and 9.8% for the PSS, whereas the correct rates for the 2006/07 (the forecast base year) were 23.9% for CSS and 20.1% for the PSS. Consequently, the calculation for CSS was overstated and for PSS understated. ActewAGL considers that the overall financial impact of the error for the 2009-14 regulatory control period is an understatement in ActewAGL's forecast revenue of \$5.7 million, as shown in table 2.1.

Table 2.1 Forecast defined benefit scheme payments – incorrect and correct rates (\$m, 2008-09)

	2009/10	2010/11	2011/12	2012/13	2013/14	Total
Forecast superannuation opex (incorrect rates)	2.2	2.3	2.4	2.5	2.6	12
Forecast superannuation opex (correct rates)	3.3	3.4	3.6	3.7	3.8	17.8
Difference	1.1	1.1	1.2	1.2	1.2	5.7

ACT Treasury informed ActewAGL's Group Accounting Branch of the correct CSS and PSS contribution rates in September 2008, but this information was inadvertently not passed on to ActewAGL's Regulatory Affairs and Pricing branch. ActewAGL's revised regulatory proposal was subsequently submitted to the AER in January 2009 without correcting for the erroneous CSS and PSS rates.

In April 2009 the AER accepted the erroneous CCS and PSS forecasts in its distribution determination.

2.1.2 EBSS exclusion error

This error involves the superannuation exclusions from the EBSS. The AER determined in its distribution determination that only payments associated with defined benefit superannuation schemes may be excluded from the EBSS.⁴ Instead, ActewAGL reported its total superannuation costs in its regulatory proposal and revised regulatory proposal, an error that was later incorporated by the AER into the final distribution determination.

As payments to a defined benefit scheme are a component of ActewAGL's total superannuation costs, it would be expected that this error would have resulted in an overstatement in the EBSS excluded amount. However, since ActewAGL applied the incorrect CSS and PSS contribution rates to its forecasts, the EBSS excluded amount specified in the distribution determination was actually understated by \$0.9 million.

Table 2.2 shows ActewAGL's calculation of the difference between the forecast total superannuation EBSS exclusions reported in the distribution determination and the forecast payments related to the defined benefit scheme only (using the corrected rates for the 2006/07 base year).

Table 2.2 EBSS superannuation exclusion – incorrect and correct rates (\$m, 2008-09)

	2009/10	2010/11	2011/12	2012/13	2013/14	Total
Forecast exclusion (incorrect rates)	3.2	3.3	3.4	3.5	3.6	16.9
Forecast exclusion (correct rates)	3.3	3.4	3.6	3.7	3.8	17.8
Difference	0.1	0.1	0.2	0.2	0.2	0.9

2.2 Proposed rectification

ActewAGL proposed that the distribution determination be revoked and a new determination made to include the correct forecast amount for defined benefit superannuation payments over the 2009-14 regulatory control period.

ActewAGL claimed this would result in a \$5.7 million (\$2008/09) increase in ActewAGL's opex allowance (see table 2.1), and changes in the X factors for the remaining two years of the regulatory control period from 4.00 per cent to 5.41 per cent, as shown in table 2.3.

Table 2.3 Changes in X factors following the application of correct rates (\$m, 2008-09)

	2009/10	2010/11	2011/12	2012/13	2013/14
X-factors – final decision %	13.82	-4.00	-4.00	-4.00	-4.00
X-factors after correcting error %	13.82	-4.00	-4.00	-5.41	-5.41

⁴ AER, *Final ACT Distribution Determination 2009-14*, p. 116.

ActewAGL also proposed that the EBSS “Adjustment for superannuation” line in table 14.2 of the distribution determination is replaced by the following:

Table 2.4 EBSS Adjustment for superannuation line item (\$m, 2008-09)

	2009/10	2010/11	2011/12	2012/13	2013/14	Total
Adjustment for superannuation	3.3	3.4	3.6	3.7	3.8	17.8

3 Nature of the errors/deficiencies

There are four kinds of errors or deficiencies set out in clause 6.13(a)(1) – (4) of the transitional chapter 6 rules. The AER may exercise its discretion to revoke and substitute a distribution determination, if it appears to the AER that the determination is affected by a material error or deficiency of one or more the kinds set out in clause 6.13(a)(1) – (4). Of the four, the first three have an element of commonality. The phrases “clerical mistake”, “accidental slip or omission”, “miscalculation or misdescription” and “defect in form” are all types of errors arising from inadvertence. Paragraph (d) of clause 6.13 of the transitional chapter 6 rules, which relates to the provision of false or misleading information to the AER, has a different objective and is not relevant to ActewAGL’s application.

ActewAGL submitted that both of the errors satisfy clauses 6.13(a)(1) and (2) of the transitional chapter 6 rules. Sub-clause (a)(1) requires a ‘clerical mistake or accidental slip or omission’, whereas sub-clause (a)(2) involves a ‘miscalculation or misdescription’. Both sub-clauses have been considered by the AER, for each of the errors.

3.1 Clerical mistake or accidental slip or omission

The AER considers that the phrases “clerical mistake” and “accidental slip” in clause 6.13(a)(1) of the transitional chapter 6 rules are suggestive of inadvertent errors that do not properly reflect what the AER intended when it recorded its distribution determination.

3.1.1 Superannuation forecast error

This error meets the requirements of a clerical mistake or accidental slip or omission. As stated by ActewAGL in its application and verified by the AER, the error was the result of ActewAGL’s Group Accounting branch failing to provide the correct CSS and PSS contribution rates to its Regulatory Affairs and Pricing branch. Consequently the erroneous contribution rates were incorporated by the AER in its distribution determination. The inadvertent nature of this error is consistent with what the AER considers to be a clerical error or accidental slip or omission. The AER therefore considers clause 6.13(a)(1) of the transitional chapter 6 rules to be met.

3.1.2 EBSS exclusions error

ActewAGL submitted that this error arose as a result of lack of clarity in what exclusions were required in the reporting of the EBSS. In the AER’s draft distribution determination the required EBSS exclusion was described simply as “superannuation costs”.⁵ In the final distribution determination, however, the required exclusion was narrowed down to defined benefit scheme payments.⁶ According to ActewAGL this ambiguity contributed to it reporting the total superannuation costs rather than the amount relating only to the two defined benefit superannuation schemes, the CSS and PSS.

⁵ AER, *Draft ACT Distribution Determination 2009-14*, p. 155.

⁶ AER, *Final ACT Distribution Determination 2009-14*, p. 116.

The AER considers ActewAGL's reporting of total superannuation payments rather than the component relating to defined benefit payments to be a clerical mistake or accidental slip or omission within the meaning of clause 6.13(a)(1) of the transitional chapter 6 rules. The AER accepts that the error was inadvertent and that it may have been due to a lack of clarity in the amount to be excluded from the operation of the EBSS in the AER's draft decision.

3.2 Miscalculation or misdescription

Clause 6.13(a)(2) of the transitional chapter 6 rules contains two limbs, a miscalculation and a misdescription. The words 'miscalculation' and 'misdescription' are not defined in the NER. The AER notes that the ordinary meaning of the word 'miscalculation' is 'to calculate wrongly'.⁷ The ordinary meaning of 'misdescription' is to 'describe inaccurately'.⁸

3.2.1 Superannuation forecast error

The AER is satisfied that this error is a miscalculation. As stated in ActewAGL's application and verified by the AER, ActewAGL applied the CSS and PSS rates for the 2005/06 financial year rather than the 2006/07 rates. This is a miscalculation within the ordinary meaning of the word, and hence clause 6.13(a)(2) of the transitional chapter 6 rules has been met by ActewAGL's application.

3.2.2 EBSS exclusion error

This error is closely related to the superannuation forecasts error. For the same reasons as described in 3.2.1 above, the AER considers the EBSS exclusion error to be classified as a miscalculation.

⁷ Macquarie Dictionary: <http://www.macquariedictionary.com.au/>

⁸ Australian Concise Oxford Dictionary, 3rd ed.

4 Materiality

The reference to “material error or deficiency” in clause 6.13(a) of the transitional chapter 6 rules means that even if one of the errors or deficiencies of the kind described in subparagraphs (a)(1) to (4) of clause 6.13 of the transitional chapter 6 rules is made out, the AER may only revoke and substitute the distribution determination if the error or deficiency appears to the AER to be material.

The word ‘material’ is not defined in the NER. ‘Materially’ is defined in the context of the cost pass through provisions for transmission network service providers (TNSPs) but in all other contexts the NER states that the word has its ordinary meaning. Relevantly, the ordinary meaning of ‘material’ is ‘to an important degree; considerably’.⁹

4.1 Assessment of materiality

ActewAGL has notified the AER of two errors. The materiality of each of these errors has been assessed by the AER separately.

4.1.1 Superannuation forecast error

As noted in 2.1.1 above, this error relates to a \$5.7 million understatement in ActewAGL’s revenue requirement for the 2009-14 regulatory control period. To determine whether this error is material the AER first conducted a quantitative assessment comparing the financial impact of the error against ActewAGL’s revenue requirement. As the error affected each year in the regulatory control period, the AER compared the impact of the error against ActewAGL’s expected revenue for the 2009-14 regulatory years. As shown in Table 4.1, this understatement of superannuation opex represents 0.8 per cent of ActewAGL’s total revenue.

Table 4.1 Understatement in superannuation opex as a ratio ActewAGL’s revenue requirement (\$m, 2008-09)

	2009-10 to 2013-14
Understatement in superannuation opex	5.7
ActewAGL’s revenue requirement for 2009-14 regulatory control period	773.9
Understatement in superannuation opex as a ratio of ActewAGL’s revenue requirement	0.8%

In the context of cost pass throughs, the AER has rejected applications by DNSPs with a revenue impact only marginally less than 0.8 per cent.¹⁰ There are nonetheless some important differences between the cost pass through regime and the revocation and substitution provisions in the NER. The AER considers that the approach to materiality in the context of pass throughs should not be mechanically applied to the revocation and substitution rules, without regard for the difference between the two regimes.

⁹ Macquarie Dictionary: <http://www.macquariedictionary.com.au/>

¹⁰ AER, *Ausgrid Cost pass through application in relation to the NSW SBS*, March 2011; AER, *Decision on ETSA Utilities application for revocation and substitution of 2010-15 distribution determination*, February 2012.

In particular, the cost-pass through regime and the revocation and substitution provisions serve different purposes. The Australian Energy Market Commission (AEMC) has stated that 'the objective of the cost pass-through is to provide a degree of protection for the [DNSP] from the impact of unexpected changes in costs outside of its control'.¹¹ Conversely, the purpose of clause 6.13 of the transitional chapter 6 rules is to rectify errors or deficiencies which, if they are financial in nature, would typically relate to revenue that would have been provided to a DNSP in a distribution determination but for the existence of the error or deficiency. In light of these differences, the AER expects that there may be some difference in what it considers to be material in the context of the cost pass through regime, compared to what it considers to be material in relation to an application for a revocation and substitution of a distribution determination.

There are also differences between the two regimes with respect to the emphasis the NER places on a quantitative assessment of materiality. A quantitative assessment of a pass through amount as a proportion of a DNSP's total costs is an essential part of the cost pass through regime. The definition of a positive change event requires 'a pass through event that materially increases the costs of providing *direct control services*'.¹² With respect to clause 6.13 of transitional chapter 6 rules, there is no express requirement to compare the revenue impact of an error or deficiency to a DNSP's total revenue; rather, the question is whether the error or deficiency appears to the AER to be material. The AER, however, considers such a quantitative assessment to be instructive as it places the revenue impact of an error or deficiency in the context of the overall size and operations of a DNSP. Nevertheless, given there is no express requirement to conduct a ratio analysis of the revenue impact of an error or deficiency in clause 6.13 of the chapter 6 rules, the AER considers it to have greater scope than in the cost pass through regime to also take qualitative factors into account when determining materiality.

In this case the AER has also given weight to the fact that the forecast superannuation error has flow on effects to the future operation of the EBSS. Failure to rectify the forecast superannuation error would have an estimated negative carryover amount of \$1.4 million for the EBSS adjustment in the next regulatory control period.¹³ This is a relevant consideration. The AER has also previously found an error with compounding effects to be material in the context of the National Gas Rules (NGR). In the gas case, the AER found that an overestimate in the taxation asset base of Country Energy Gas Pty Limited was material despite the fact that the error had a relatively minor impact on revenue of \$0.3 million.¹⁴

The AER concludes that the forecast superannuation error is material after consideration of the overall impact on revenue and the impact on the future operation of the EBSS.

Moreover, the fact that the integrity of the EBSS scheme may be undermined by the superannuation forecast error is grounds for the AER determining that, in the circumstances, it should exercise its discretion under clause 6.13 of the transitional chapter 6 rules to revoke and substitute the error to the extent necessary.

¹¹ Australian Energy Market Commission, Rule Determination National Electricity Amendment (Economic Regulation of Transmission Services) Rules 2006 No 18, 16 November, p. 104.

¹² National Electricity Rules, Chapter 10.

¹³ ActewAGL, email to AER, 30 March 2012.

¹⁴ AER, *Wagga Wagga natural gas distribution network 1 July 2010-June 2015*, 5 September 2010.

4.1.2 EBSS exclusion error

ActewAGL has acknowledged that the EBSS exclusion error does not have a revenue impact for the current regulatory control period.¹⁵ Despite this, ActewAGL submitted that the EBSS exclusion error is material on the basis that the reporting of the total superannuation payments, rather than defined benefit payments, departs from the intended operation of the scheme.¹⁶ It also has an estimated revenue impact for the next regulatory control period of \$1.4 million.¹⁷

The purpose of the EBSS scheme is to provide DNSPs with an incentive to seek efficiency gains. It does this by allowing a DNSP to retain any efficiency gains it makes for the length of a carryover period regardless of the year of the regulatory period in which the gain was made.¹⁸ By doing so the EBSS provides a DNSP with a constant incentive to improve efficiency of its opex and thus reveal their efficient level of opex.¹⁹

Defined benefit superannuation liabilities are primarily impacted by the number of employees belonging to a scheme that retire in a given year and the performance of the superannuation fund.²⁰ As it would be unreasonable to measure efficiency gains or losses against an opex that is broadly outside of the control of ActewAGL, such costs are excluded from the EBSS. Payments to other superannuation funds are more controllable and therefore included in operation of the EBSS.²¹

While acknowledging that the estimated impact of the error in the next regulatory control period is small, the AER notes that the inclusion of total superannuation payments in the EBSS excluded amount undermines the integrity of the scheme. The AER concludes that the error, by infecting the EBSS with controllable opex and understating the excluded amount, meets the materiality requirements of clause 6.13 of the transitional chapter 6 rules.

The AER also considers it unreasonable for ActewAGL to be penalised under the EBSS for an inadvertent error, relating to costs that ActewAGL has no way of controlling. Accordingly it is determined that the error is of a type that the AER should exercise its discretion to revoke and substitute the distribution determination to the extent necessary.

¹⁵ ActewAGL, email to AER, 30 March 2012.

¹⁶ ActewAGL, email to AER, 30 March 2012.

¹⁷ ActewAHL, email to AER, 30 March 2012.

¹⁸ AER, *Efficiency benefit sharing scheme for the ACT and NSW 2009 distribution determinations*, 2 February 2008.

¹⁹ AER, *Efficiency benefit sharing scheme for the ACT and NSW 2009 distribution determinations*, 2 February 2008.

²⁰ AER, Draft ACT Distribution Determination, p. 153.

²¹ AER, Final ACT Distribution Determination, p. 116.

5 Conclusion

The AER has determined that ActewAGL's distribution determination should be revoked and substituted to the extent necessary to rectify both errors. The elements of clause 6.13 of the transitional chapter 6 rules have been met and the circumstances surrounding the errors are such that the AER has decided to exercise its discretion under clause 6.13 of the transitional chapter 6 rules.

The relevant sections of ActewAGL's distribution determination that are impacted by the revocation and substitution are attached to this decision. ActewAGL's PTRM has also been updated to reflect the changes and can be found on the AER website.

Appendix 1

Table 1 sets out ActewAGL's revised forecast total opex allowance and replaces Table 9.17 of the distribution determination.

Table 1 AER conclusion on ActewAGL's total opex allowance (\$m, 2008-09)

	2009-10	2010-11	2011-12	2012-13	2013-14	Total
ActewAGL's revised proposed opex						
Controllable opex	53.0	54.0	54.9	56.6	56.3	274.8
Controllable opex ^a	54.1	55.1	56.1	57.8	57.5	280.5
UNFT	3.9	4.0	4.1	4.3	4.3	20.6
Debt raising	0.5	0.6	0.6	0.6	0.7	3.0
Equity raising	1.1	1.1	1.0	0.7	0.5	4.4
Self insurance ^b	1.5	1.5	1.5	1.5	1.5	7.5
FIT Scheme direct tariff payments	3.4	6.8	10.0	12.7	15.3	48.2
ActewAGL's revised proposed total opex	63.5	68.0	72.4	76.3	78.6	358.5
ActewAGL's revised proposed total opex ^a	64.6	69.1	73.3	77.5	79.8	364.2
AER total opex						
Controllable opex	51.4	52.4	53.2	55.0	54.7	266.4
Controllable opex ^a	52.5	53.2	54.4	56.2	55.9	272.1
UNFT	3.9	4.0	4.1	4.3	4.3	20.6
Debt raising	0.3	0.3	0.4	0.4	0.4	1.8
Equity raising ^c	–	–	–	–	–	–
Self insurance ^b	0.8	0.8	0.8	0.8	0.8	4.1
FIT Scheme direct tariff payments	3.1	6.8	10.0	12.7	15.3	47.9
Demand management innovation allowance ^d	0.1	0.1	0.1	0.1	0.1	0.5
AER total opex	59.7	64.2	68.6	73.3	75.7	341.4
AER total opex ^a	60.8	65.3	69.8	74.5	76.9	347.1

Note: Totals may not add up due to rounding

- (a) Adjusted following AER decision to rectify two errors relating to forecast superannuation costs
- (b) Based on allocation of standard control services
- (c) The AER has allowed ActewAGL to amortise \$0.3 million (\$2008-09) for benchmark equity raising costs associated with forecast capex in the next regulatory control period
- (d) Refer to chapter 15 for details on this allowance

Table 2 sets out ActewAGL's revised forecast controllable opex and replaces Table 9.18 in the distribution determination.

Table 2 AER conclusion on ActewAGL's controllable opex (\$m, 2008-09)

	2009-10	2010-11	2011-12	2012-13	2013-14	Total
ActewAGL revised controllable opex	53.0	54.0	54.9	56.6	56.3	274.8
ActewAGL revised controllable opex ^a	54.1	55.1	56.1	57.8	57.5	280.5
Adjustments to labour escalators	-1.5	-1.9	-1.7	-1.6	-1.6	-8.3
AER controllable opex	51.4	52.1	53.2	55.0	54.7	266.4
AER controllable opex ^a	52.5	53.2	54.4	56.2	55.9	272.1

(a) Adjusted following AER decision to rectify two errors relating to forecast superannuation costs

Table 3 sets out the revised AER conclusion on ActewAGL's revenue requirement and X factors and replaces table 17.6 in the distribution determination.

Table 3 AER conclusion on ActewAGL's revenue requirement and X factors (\$m, nominal)

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Regulatory depreciation		15.2	17.0	18.8	20.5	22.3
Return on capital		52.6	57.1	61.1	65.0	68.2
Tax allowance		4.7	5.5	5.7	5.4	5.6
Operating expenditure		61.2	67.4	73.8	80.8	85.5
Operating expenditure ^a		62.3	68.5	75.0	82.0	86.7
Annual revenue requirements		133.7	147.1	159.4	171.7	181.6
Annual revenue requirements ^a		134.8	148.2	160.6	173.0	182.9
Energy sales (MWh)	2 906 274	2 932 862	2 916 011	2 907 581	2 898 320	2 888 942
Revenue yield (¢/kWh)	4.09	4.77	5.08	5.42	5.77	6.15
Revenue yield (¢/kWh) ^a	4.09	4.77	5.08	5.42	5.85	6.32
Expected revenues	118.9	139.9	148.2	157.5	167.3	177.8
Expected revenues ^a	118.9	139.9	148.2	157.5	169.7	182.7
Forecast CPI (%)		2.47	2.47	2.47	2.47	2.47
X factors (%)		-13.82	-4.00	-4.00	-4.00	-4.00
X factors (%) ^{a b}		-13.82	-4.00	-4.00	-5.41	-5.41

Source: AER, PTRM

(a) Adjusted following AER decision to rectify two errors relating to forecast superannuation costs

(b) Negative values for X indicates real price increases under the CPI-X formula

Table 4 sets out the revised AER conclusion on ActewAGL's annual revenue requirements and expected revenues and replaces table 17.7 in the distribution determination.

Table 4 AER conclusion on ActewAGL's annual revenue requirements and expected revenues (\$m, nominal)

	NPV	2009-10	2010-11	2011-12	2012-13	2012-13
Annual revenue requirement	612.3	133.7	147.1	159.4	171.7	181.6
Annual revenue requirement ^a	617.6	134.8	148.2	160.6	173.0	182.9
Expected revenues	612.3	140.0	148.3	157.6	167.4	177.9
Expected revenues ^a	617.6	139.9	148.2	157.5	169.7	182.7
Difference	0.00	4.67	0.86	-1.12	-2.46	-2.02
Difference ^a		5.1	0	-3.1	-3.3	-0.2

(a) Adjusted following AER decision to rectify two errors relating to forecast superannuation costs

Table 5 sets out the revised AER conclusion on ActewAGL's X factors and annual revenue requirement and replaces table 17.8 in the distribution determination.

Table 5 AER conclusion on ActewAGL's X factors and annual revenue requirement (\$m, nominal)

	2009-10	2010-11	2011-12	2012-13	2013-14
X-factors	-13.82	-4.00	-4.00	-4.00	-4.00
X factors ^a	-13.82	-4.00	-4.00	-5.41	-5.41
Annual revenue requirement	133.7	147.1	159.1	171.7	181.6
Annual revenue requirement ^a	134.8	148.2	160.6	173.0	182.9

(a) Adjusted following AER decision to rectify two errors relating to forecast superannuation costs

Table 6 sets out ActewAGL's revised forecast controllable opex for EBSS purposes and replaces table 14.2 in the distribution determination.

Table 6 AER conclusion on ActewAGL's forecast controllable opex for EBSS purposes (\$m, 2008-09)

	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Total forecast opex	59.7	64.2	68.6	73.3	75.6	341.4
Adjustment for debt raising costs	0.3	0.3	0.4	0.4	0.4	1.8
Adjustment for self insurance	0.8	0.8	0.8	0.8	0.8	4.1
Adjustment for insurance	0.8	0.8	0.8	0.8	0.8	3.8
Adjustment for superannuation	3.2	3.3	3.4	3.5	3.6	16.9
Adjustment for superannuation ^a	3.3	3.4	3.6	3.7	3.8	17.8
Adjustment for UNFT payments	3.9	4.0	4.1	4.3	4.3	20.6
Adjustment for direct feed-in tariff payments	3.1	6.8	10.0	12.7	15.3	47.9
Adjustment for non-network alternatives	0.1	0.1	0.1	0.1	0.1	0.5
Forecast opex for EBSS purposes	47.5	48.1	49.0	50.7	50.3	245.7
Forecast opex for EBSS purposes ^a	47.6	48.2	49.2	50.9	50.5	246.6

Note: Numbers may not add up due to rounding.

(a) Adjusted following AER decision to rectify two errors relating to forecast superannuation costs

Section 14.5 AER conclusion in the distribution determination is amended as follows:

The following opex cost categories will be excluded from the operation of the EBSS for the next regulatory control period:

- debt raising costs
- self insurance costs
- insurance costs
- ~~▪ superannuation costs relating to defined benefit and retirement schemes~~
- superannuation costs relating to defined benefit retirement schemes
- UNFT payments
- direct feed-in tariff payments
- non-network alternatives costs.