



Revenue Reset Regulatory Information Notice

BASIS OF PREPARATION

Revenue Reset Regulatory Information Notice

January 2022

6. Capital Expenditure Sharing Scheme

Workbook 5: Capital Expenditure Sharing Scheme (CESS)

Sheet: Reported Capex

6.1 Capex Allowance

6.1.1 Data Requirement

This section has been completed according to the Reset RIN Schedule 1, Section 1.1 and the AER Capital Expenditure Incentive – November 2013 Guideline and Explanatory Statement.

6.1.2 Data Source and Methodology

The data in the capex allowance represents information from ElectraNet's most recent Post Tax Revenue Model for the 2019 to 2023 regulatory period inclusive of approved contingent projects. The allowance is required to be entered in June 2018 dollars and then is escalated in the model.

The escalation to June 2023 dollars has applied both actual and forecast Consumer Price Indices as per section 1.3 above.

6.2 Actual and Estimated Capex

6.2.1 Data Requirement

This section has been completed according to the Reset RIN Schedule 1, Section 1.1 and the AER Capital Expenditure Incentive – November 2013 Guideline and Explanatory Statement.

6.2.2 Data Source and Methodology

The data for the Actual / Estimate Capex table for the years 2019 to 2021 are actuals, sourced from the Regulatory Accounts for each year.

The capex has been adjusted for movements in provisions related to capex (for all Regulatory Years). The movement in provisions component is an estimate based on the estimated opex/capex split required to be calculated in the Economic Benchmarking RINs. This information is not captured separately in the financial systems.

Forecast data for 2022 to 2023 and the capex deferred to the 2024 to 2028 regulatory period has been sourced from ElectraNet's Revenue Proposal.

7. Efficiency Benefit Sharing Scheme

Workbook 6: Efficiency Benefit Sharing Scheme (EBSS)

Sheet: Efficiency Benefit Sharing Scheme

7.1 Opex Allowance Applicable to Efficiency Benefit Sharing Scheme Target

7.1.1 Data Requirement

This section has been completed according to the Reset RIN Schedule 1, Section 1 and the AER Efficiency Benefit Sharing Scheme – November 2013 Guideline and Explanatory Statement.

7.1.2 Data Source and Methodology

The data in the opex allowance represents information from ElectraNet's most recent Post Tax Revenue Model for the 2019 to 2023 regulatory period and is inclusive of approved contingent projects. The allowance is required to be entered in June 2018 dollars and then is escalated in the model.

The escalation to June 2023 has applied both actual and forecast Consumer Price Indices as per section 1.3 above.

7.2 Actual and Estimated Opex Applicable to the Efficiency Benefit Sharing Scheme

7.2.1 Data Requirement

This section has been completed according to the Reset RIN Schedule 1, Section 1 and the AER Efficiency Benefit Sharing Scheme – November 2013 Guideline and Explanatory Statement.

7.2.2 Data Source and Methodology

The data for the Actual and estimated opex applicable to EBSS table for the years 2019 to 2021 are actuals, sourced from the Regulatory Accounts for each year.

The opex has been adjusted for movements in provisions related to opex (for all Regulatory Years). The movement in provisions component is an estimate based on the estimated opex/capex split required to be calculated in the Economic Benchmarking RINs. This information is not separately captured in the financial systems.

Category specific costs included are:

- Debt raising costs; and
- Network Support costs.

Debt raising and network support costs are estimates. The network support costs have been derived from the Regulatory Accounts and escalated to real June 2023. The debt raising costs have been apportioned on an annual basis for the regulated business.

8. Capex Historical

Workbook 8: Capex Historical

Sheet: 8.2 Capex

8.1 Immediate Expensing of Capex

8.1.1 Data Requirement

This section has been completed according to the Reset RIN Schedule 1, Sections 18.8.

8.1.2 Data Source and Methodology

The capital expenditure for 2019 to 2021 that has been immediately expensed has been sourced from ElectraNet's income tax returns.

The data reported in Workbook 8 represents ElectraNet's capital expenditure for refurbishment capital expenditure projects. ElectraNet has not immediately expensed any other capital expenditure as part of its income tax returns.

ElectraNet has provided the capital expenditure for refurbishment projects by asset class using ElectraNet's success estimating data base to apportion the capital expenditure to the relevant asset classes. ElectraNet has reported the costs exclusive of labour as required by the taxation capitalisation requirements resulting in the data being an estimate.

ElectraNet is currently reviewing its taxation policy on immediate expensing of capital expenditure.

