

ElectraNet 2019-2023 Revenue Proposal: National Electricity Rules Compliance Checklist

Clause	Provision	Comment	Revenue Proposal Reference
6A.4.1	Revenue Determinations - Introduction		
	(b) Such a <i>Revenue Proposal</i> must comply with the requirements of this Chapter 6A, and in particular must:		
	(1) be prepared using the <i>post-tax revenue model</i> referred to in rule 6A.5;	The completed Post Tax Revenue Model is submitted with the Regulatory Proposal	Completed Post Tax Revenue Model
	(2) comply with the requirements of, and contain or be accompanied by the information required by, any relevant <i>regulatory information instrument</i> ; and	A separate RIN compliance checklist is submitted with this Regulatory Proposal	See RIN compliance checklist.
	(3) contain the information and matters specified in Schedule 6A.1	See S6A.1 in this checklist	Various, as noted in S6A.1 of this checklist
6A.5.1	Post-tax revenue model - Introduction		
	(a) The process of preparing a revenue determination for a Transmission Network Service Provider involves the submission of a Revenue Proposal to the AER by the provider under clause 6A.10.1. The provider is required to prepare the Revenue Proposal using a post-tax revenue model in relation to that proposal, in accordance with the requirements of this Chapter 6A.	The Post Tax Revenue Model is submitted with the Regulatory Proposal	Post Tax Revenue Model
6A.6.2	Return on capital		
	Calculation of return on capital		
	(a) The return on capital for each regulatory year must be calculated by applying a rate of return for the relevant Transmission Network Service Provider for that regulatory year that is determined in accordance with this clause 6A.6.2 (the allowed rate of return) to the value of the regulatory asset base for the relevant transmission system as at the beginning of that regulatory year (as established in accordance with clause 6A.6.1 and schedule 6A.2).	Details of WACC calculations and estimates are set out in Attachment 3	Attachment 3
	Allowed rate of return		
	(b) The allowed rate of return is to be determined such that it achieves the allowed rate of return objective.	Details of WACC calculations and estimates are set out in Attachment 3	Attachment 3
	(c) The allowed rate of return objective is that the rate of return for a Transmission Network Service Provider is to be commensurate with the efficient financing costs of a benchmark efficient entity with a similar degree of risk as that which applies to the Transmission Network Service Provider in respect of the provision of prescribed transmission services (the allowed rate of return objective).	As above	Attachment 3
	(d) Subject to paragraph (b), the allowed rate of return for a regulatory year must be:		
	(1) a weighted average of the return on equity for the regulatory control period in which that regulatory year occurs (as estimated under paragraph (f)) and the return on debt for that regulatory year (as estimated under paragraph (h)); and	As above	Attachment 3
	(2) determined on a nominal vanilla basis that is consistent with the estimate of the value of imputation credits referred to in clause 6A.6.4.	As above	Attachment 3
	(e) In determining the allowed rate of return, regard must be had to:		
	(1) relevant estimation methods, financial models, market data and other evidence;	As above	Attachment 3

Clause	Provision	Comment	Revenue Proposal Reference
	(2) the desirability of using an approach that leads to the consistent application of any estimates of financial parameters that are relevant to the estimates of, and that are common to, the return on equity and the return on debt; and	As above	Attachment 3
	(3) any interrelationships between estimates of financial parameters that are relevant to the estimates of the return on equity and the return on debt.	As above	Attachment 3
Return on Equity			
(f)	The return on equity for a regulatory control period must be estimated such that it contributes to the achievement of the allowed rate of return objective.	The return on equity has been estimated in accordance with this requirement	Section 3.8, Attachment 3
(g)	In estimating the return on equity under paragraph (f), regard must be had to the prevailing conditions in the market for equity funds.	As above	
Return on debt			
(i)	The return on debt may be estimated using a methodology which results in either:	Section 3.9 of Attachment 3 sets out information on the methodology we have applied to estimate the cost of debt	Section 3.9, Attachment 3
	(1) the return on debt for each regulatory year in the regulatory control period being the same; or		
	(2) the return on debt (and consequently the allowed rate of return) being, or potentially being, different for different regulatory years in the regulatory control period.		
(j)	Subject to paragraph (h), the methodology adopted to estimate the return on debt may, without limitation, be designed to result in the return on debt reflecting:	Section 3.9 of Attachment 3 sets out information on the methodology we have applied to estimate the cost of debt	Section 3.9, Attachment 3
	(1) the return that would be required by debt investors in a benchmark efficient entity if it raised debt at the time or shortly before the making of the revenue determination for the regulatory control period;		
	(2) the average return that would have been required by debt investors in a benchmark efficient entity if it raised debt over an historical period prior to the commencement of a regulatory year in the regulatory control period; or		
	(3) some combination of the returns referred to in subparagraphs (1) and (2).		
(k)	In estimating the return on debt under paragraph (h), regard must be had to the following factors:	Section 3.9 of Attachment 3 sets out information on the methodology we have applied to estimate the cost of debt	Section 3.9, Attachment 3
	(1) the desirability of minimising any difference between the return on debt and the return on debt of a benchmark efficient entity referred to in the allowed rate of return objective;		
	(2) the interrelationship between the return on equity and the return on debt;		
	(3) the incentives that the return on debt may provide in relation to capital expenditure over the regulatory control period, including as to the timing of any capital expenditure; and		
	(4) any impacts (including in relation to the costs of servicing debt across regulatory control periods) on a benchmark efficient entity referred to in the allowed rate of return objective that could arise as a result of changing the methodology that is used to estimate the return on debt from one regulatory control period to the next.		

Clause	Provision	Comment	Revenue Proposal Reference
	(l) If the return on debt is to be estimated using a methodology of the type referred to in paragraph (i)(2) then a resulting change to the Transmission Network Service Provider's annual building block revenue requirement must be effected through the automatic application of a formula that is specified in the revenue determination.	Section 3.9 of Attachment 3 sets out information on the methodology we have applied to estimate the cost of debt	Section 3.9, Attachment 3
6A.6.3	Depreciation		
	(a) The depreciation for each regulatory year:		
	(1) must be calculated on the value of the assets as included in the regulatory asset base, as at the beginning of that regulatory year, for the relevant transmission system; and	Section 5.3 of Attachment 5 describes our depreciation methodology. Depreciation is calculated using the Post Tax Revenue Model	Section 5.3, Attachment 5
	(2) must be calculated:		
	(i) providing such depreciation schedules conform with the requirements set out in paragraph (b), using the depreciation schedules for each asset or category of assets that are nominated in the relevant Transmission Network Service Provider's Revenue Proposal; or	Section 5.3 of Attachment 5 describes the depreciation methodology. Section 5.4 describes the approach to determining remaining asset lives for assets in existence at 30 June 2018. Section 5.4 also sets out standard asset lives. Depreciation is calculated using these asset lives and the Post Tax Revenue Model	Sections 5.3 and 5.4, Attachment 5, Year by Year Depreciation Tracking Sheet
	(ii) to the extent the depreciation schedules nominated in the provider's Revenue Proposal do not so conform, using the depreciation schedules determined for that purpose by the AER in its final decision on the Transmission Network Service Provider's Revenue Proposal.		
	(b) The depreciation schedules referred to in paragraph (a) must conform to the following requirements:	Depreciation is calculated using the Post Tax Revenue Model, in accordance with the methodology described in Section 5.3 of Attachment 5, and the standard asset lives and remaining lives set out in Section 5.4. Accordingly, these requirements are met	Sections 5.3 and 5.4, Attachment 5
	(1) except as provided in paragraph (c), the schedules must depreciate using a profile that reflects the nature of the assets or category of assets over the economic life of that asset or category of assets;		
	(2) the sum of the real value of the depreciation that is attributable to any asset or category of assets over the economic life of that asset or category of assets (such real value being calculated as at the time the value of that asset or category of assets was first included in the regulatory asset base for the relevant transmission system) must be equivalent to the value at which that asset or category of assets was first included in the regulatory asset base for the relevant transmission system; and		
	(3) the economic life of the relevant assets and the depreciation methodologies and rates underpinning the calculation of depreciation for a given regulatory control period must be consistent with those determined for the same assets on a prospective basis in the transmission determination for that period.		
	(c) To the extent that:		

Clause	Provision	Comment	Revenue Proposal Reference
	(1) an asset (or group of assets) the value of which forms part of the regulatory asset base for a transmission system is dedicated to one Transmission Network User (not being a Distribution Network Service Provider) or a small group of Transmission Network Users; and	We do not have any transmission assets that fall within this category	N/A
	(2) the value of the assets (or group of assets), as included in the value of that regulatory asset base as at the beginning of the first regulatory year of the current regulatory control period, exceeds the indexed amount, as at the commencement of that regulatory control period, of \$20 million,		
	that asset (or group of assets) must be depreciated on a straight line basis over the life at which that asset (or group of assets) was first included in the regulatory asset base for that transmission system.		
6A.6.4	Estimated cost of corporate income tax		
	The estimated cost of corporate income tax of a Transmission Network Service Provider for each regulatory year (ETCt) must be estimated in accordance with the following formula: $ETCt = (ETIt \times rt) (1 - \gamma)$ where: ETIt is an estimate of the taxable income for that regulatory year that would be earned by a benchmark efficient entity as a result of the provision of prescribed transmission services if such an entity, rather than the Transmission Network Service Provider, operated the business of the Transmission Network Service Provider, such estimate being determined in accordance with the post-tax revenue model; rt is the expected statutory income tax rate for that regulatory year as determined by the AER; and γ is the value of imputation credits.	Section 8.3 of Attachment 8 explains that we have applied this methodology Attachment 8 sets out our estimate of the cost of corporate income tax	Attachment 8
6A.6.6	Forecast operating expenditure		
	(a) A Revenue Proposal must include the total forecast operating expenditure for the relevant regulatory control period which the Transmission Network Service Provider considers is required in order to achieve each of the following (the operating expenditure objectives):	Section 7.2 of Attachment 7 notes this requirement, and explains that we have applied a forecasting methodology that satisfies the operating expenditure objectives	Section 7.2, Attachment 7
	(1) meet or manage the expected demand for prescribed transmission services over that period;		
	(2) comply with all applicable regulatory obligations or requirements associated with the provision of prescribed transmission services;		
	(3) to the extent that there is no applicable regulatory obligation or requirement in relation to:		
	(i) the quality, reliability or security of supply of prescribed transmission services; or		
	(ii) the reliability or security of the transmission system through the supply of prescribed transmission services,		
	to the relevant extent:		
	(iii) maintain the quality, reliability and security of supply of prescribed transmission services; and		
	(iv) maintain the reliability and security of the transmission system through the supply of prescribed transmission services; and		

Clause	Provision	Comment	Revenue Proposal Reference
	(4) maintain the safety of the transmission system through the supply of prescribed transmission services.		
	(b) The forecast of required operating expenditure of a Transmission Network Service Provider that is included in a Revenue Proposal must:		
	(1) comply with the requirements of any relevant regulatory information instrument;	See separate RIN compliance checklist	See RIN compliance checklist
	(2) be for expenditure that is properly allocated to prescribed transmission services in accordance with the principles and policies set out in the Cost Allocation Methodology for the Transmission Network Service Provider; and	Section 7.2 of Attachment 7 notes this requirement, and explains that our opex forecast relates only to expenditure that is properly allocated to prescribed transmission services in accordance with our approved Cost Allocation Methodology	Section 7.2, Attachment 7
	(3) include both:	Section 7.12 of Attachment 7 presents this information	Section 7.12, Attachment 7
	(i) the total of the forecast operating expenditure for the relevant regulatory control period; and		
	(ii) the forecast operating expenditure for each regulatory year of the relevant regulatory control period.		
6A.6.7	Forecast capital expenditure		
	(a) A Revenue Proposal must include the total forecast capital expenditure for the relevant regulatory control period which the Transmission Network Service Provider considers is required in order to achieve each of the following (the capital expenditure objectives):	Section 6.2 of Attachment 6 notes these requirements and explains that we have applied a forecasting methodology that satisfies the capital expenditure objectives. The information provided in Attachment 6 demonstrates that the expenditure forecast complies with the capital expenditure objectives	Section 6.2, Attachment 6
	(1) meet or manage the expected demand for prescribed transmission services over that period;		
	(2) comply with all applicable regulatory obligations or requirements associated with the provision of prescribed transmission services;		
	(3) to the extent that there is no applicable regulatory obligation or requirement in relation to:		
	(i) the quality, reliability or security of supply of prescribed transmission services; or		
	(ii) the reliability or security of the transmission system through the supply of prescribed transmission services,		
	to the relevant extent:		
	(iii) maintain the quality, reliability and security of supply of prescribed transmission services; and		
	(iv) maintain the reliability and security of the transmission system through the supply of prescribed transmission services; and		
	(4) maintain the safety of the transmission system through the supply of prescribed transmission services.		
	(b) The forecast of required capital expenditure of a Transmission Network Service Provider that is included in a Revenue Proposal must:		
	(1) comply with the requirements of any relevant regulatory information instrument;	See separate RIN compliance checklist	RIN compliance checklist

Clause	Provision	Comment	Revenue Proposal Reference
	(2) be for expenditure that is properly allocated to prescribed transmission services in accordance with the principles and policies set out in the Cost Allocation Methodology for the Transmission Network Service Provider;	Section 6.2 of Attachment 6 notes this requirement, and explains that our capex forecast relates only to expenditure that is properly allocated to prescribed transmission services in accordance with our approved Cost Allocation Methodology	Section 6.2, Attachment 6
	(3) include both:	Section 6.10 of Attachment 6 presents this information	Section 6.10, Attachment 6
	(i) the total of the forecast capital expenditure for the relevant regulatory control period; and		
	(ii) the forecast capital expenditure for each regulatory year of the relevant regulatory control period; and		
	(4) identify any forecast capital expenditure:		Table 6.2, Section 6.4, Attachment 6.
	(i) that is for a reliability augmentation; or		N/A
	(ii) that is for an option that has satisfied the regulatory investment test for distribution or regulatory investment test for transmission (as the case may be).		
	Forecast capital expenditure and contingent projects		
	(g) Paragraphs (h) - (k) apply where:		
	(1) in a regulatory control period (the first regulatory control period) the AER determines under clause 6A.8.2(e)(1)(iii) that the likely completion date for a contingent project is a date which occurs in the immediately following regulatory control period (the second regulatory control period); and	There are no contingent projects during the current period that will be completed in the forthcoming period. Paragraphs (h) to (k) are therefore not applicable	N/A
	(2) there is an unspent amount of capital expenditure for that contingent project under paragraph (h).		N/A
6A.6.8	The X factor		
	(a) A revenue determination is to include the X factor for each regulatory year for a Transmission Network Service Provider.	X factors have been applied in accordance with the Post Tax Revenue Model to calculate a smoothed revenue path	Table 1.10, section 1.14, Attachment 1.
	(b) The X factors for each regulatory year must be:		
	(1) providing they comply with the requirements set out in paragraph (c), the X factors for those regulatory years that are nominated in the Transmission Network Service Provider's Revenue Proposal; or	As above	Table 1.10, section 1.14, Attachment 1, Post Tax Revenue Model
	(2) to the extent that the X factors nominated in the Transmission Network Service Provider's Revenue Proposal do not so comply, the X factors determined for that purpose by the AER in its final decision on the Transmission Network Service Provider's Revenue Proposal.	As above	N/A
	(c) The X factor for each regulatory year must be such that:	Standard revenue smoothing calculation in the Post Tax Revenue Model applied	
	(1) the net present value of the expected maximum allowed revenue for the relevant Transmission Network Service Provider for each regulatory year (as calculated in accordance with the post-tax revenue model) is equal to the net present value of the annual building block revenue requirement for the provider for each regulatory year (as calculated in accordance with the post-tax revenue model); and		Section 1.14, Attachment 1, Post Tax Revenue Model

Clause	Provision	Comment	Revenue Proposal Reference
	(2) the expected maximum allowed revenue for the provider for the last regulatory year (as calculated in accordance with the post-tax revenue model) is as close as reasonably possible to the annual building block revenue requirement for the provider for that regulatory year (as calculated in accordance with the post-tax revenue model).		Section 1.14, Attachment 1.
6A.6.9	Pass through events		
	(a) A Revenue Proposal may include a proposal as to the events that should be defined as pass through events under clause 6A.7.3(a1)(5) having regard to the nominated pass through event considerations.	Nominated pass through events are described the in the Revenue Proposal	Attachment 13
6A.7.5	Small-scale incentive scheme (SSIS)		
	(a) The AER may, in accordance with the transmission consultation procedures, develop and publish an incentive scheme or schemes (small-scale incentive scheme) that provides Transmission Network Service Providers with incentives to provide prescribed transmission services in a manner that contributes to the achievement of the national electricity objective.	Page 8 of the AER's Final Framework and Approach paper states that the AER does not propose to apply a small-scale incentive scheme to ElectraNet for the 2018–23 regulatory control period	N/A
6A.8.1	Acceptance of a Contingent Project in a revenue determination		
	(a) A Revenue Proposal may include proposed contingent capital expenditure, which the Transmission Network Service Provider considers is reasonably required for the purpose of undertaking a proposed contingent project.	Proposed contingent projects are set out in Appendix of Attachment 6	Appendix B of Attachment 6
	(b) The AER must determine that a proposed contingent project is a contingent project if the AER is satisfied that:	As above	N/A
	(1) the proposed contingent project is reasonably required to be undertaken in order to achieve any of the capital expenditure objectives;		
	(2) the proposed contingent capital expenditure:		
	(i) is not otherwise provided for (either in part or in whole) in the total of the forecast capital expenditure for the relevant regulatory control period which is accepted in accordance with clause 6A.6.7(c) or substituted in accordance with clauses 6A.13.2(b)(4) and (5) (as the case may be);		
	(ii) reasonably reflects the capital expenditure criteria, taking into account the capital expenditure factors, in the context of the proposed contingent project as described in the Revenue Proposal; and		
	(iii) exceeds either \$30 million or 5% of the value of the maximum allowed revenue for the relevant Transmission Network Service Provider for the first year of the relevant regulatory control period whichever is the larger amount;		
	(3) the proposed contingent project and the proposed contingent capital expenditure, as described or set out in the Revenue Proposal, and the information provided in relation to these matters, complies with the requirements of any relevant regulatory information instrument; and		
	(4) the trigger events in relation to the proposed contingent project which are proposed by the Transmission Network Service Provider in its Revenue Proposal are appropriate.		
6A.10.1B	Notification of approach to forecasting expenditure		

Clause	Provision	Comment	Revenue Proposal Reference
	(a) A Transmission Network Service Provider must inform the AER of the methodology it proposes to use to prepare the forecasts of operating expenditure and capital expenditure that form part of its Revenue Proposal.	ElectraNet submitted to the AER its proposed expenditure forecasting methodology on 30 June 2016	N/A
	(b) A Transmission Network Service Provider must submit the information referred to in paragraph (a):		
	(1) at least 24 months before the expiry of a revenue determination that applies to the Transmission Network Service Provider; or		N/A
	(2) if no revenue determination applies to the Transmission Network Service Provider, within 3 months after being required to do so by the AER.		
6A.10.1	Submission of proposal, framework, pricing methodology and information		
	(a) A Transmission Network Service Provider must submit to the AER a Revenue Proposal and a proposed pricing methodology relating to the prescribed transmission services that are provided by means of, or in connection with, a transmission system that is owned, controlled or operated by that Transmission Network Service Provider:	A Pricing Methodology is submitted as a supporting document	Attachment 12, Pricing Methodology
	(1) if any of those prescribed transmission services are subject to a transmission determination, 17 months before the expiry of the period in respect of which that transmission determination applies; or		
	(2) if any of those prescribed transmission services are not subject to a transmission determination, 3 months after being required to do so by the AER.		
	(b) At the same time as it submits a Revenue Proposal under paragraph (a), the Transmission Network Service Provider must also submit to the AER a proposed negotiating framework.	A negotiating framework is submitted as a supporting document	Attachment 14, Negotiating Framework
	(c) The Revenue Proposal and the proposed negotiating framework must comply with the requirements of, and must contain or be accompanied by such information as is required by, any relevant regulatory information instrument.		See RIN compliance checklist
	(d) The proposed negotiating framework must also comply with the requirements of clause 6A.9.5.	We are not proposing any material changes to our existing negotiating framework, which was approved by the AER in its Final Decision for the current regulatory period	Attachment 14
	(e) A proposed pricing methodology must:		
	(1) give effect to and be consistent with the Pricing Principles for Prescribed Transmission Services; and	The proposed pricing methodology applicable from 1 July 2018 to 30 June 2023 proposes minor amendments to our urgent approved methodology to: <ul style="list-style-type: none"> • improve clarity and use of defined terms; and • provide clarity regarding the provisions for grandfathering of an existing or 'legacy' aggregated contract agreed maximum demand arrangement 	Attachment 12
	(2) comply with the requirements of, and contain or be accompanied by such information as is required by, the pricing methodology guidelines made for that purpose under rule 6A.25.	As above	Attachment 12
	(f) The Revenue Proposal must also:		

Clause	Provision	Comment	Revenue Proposal Reference
	(1) include a statement of whether it is consistent with the most recent NTNDP and, if it is inconsistent, identify and give reasons for the inconsistency; and	Section 6.10 of Attachment 6 notes that AEMO has confirmed the consistency of our capex forecast with the NTNDP	Section 6.10, Attachment 6
	(2) identify any parts of the Revenue Proposal or the proposed pricing methodology the Transmission Network Service Provider claims to be confidential and wants suppressed from publication on that ground in accordance with the Transmission Confidentiality Guidelines.	Section 1.4, Attachment 1 explains that we do not claim any confidentiality in relation to the Attachments 1 to 14. Where a claim is made in relation to a supporting document, a redacted version is provided along with details of the claim for confidentiality	Section 1.4, Attachment 1
(g)	The Revenue Proposal must be accompanied by an overview paper which includes each of the following matters:		
	(1) a summary of the Revenue Proposal the purpose of which is to explain the Revenue Proposal in reasonably plain language to electricity consumers;		Revenue Proposal Overview
	(2) a description of how the Transmission Network Service Provider has engaged with electricity consumers and has sought to address any relevant concerns identified as a result of that engagement;	A Revenue Proposal Overview has been prepared, Section 5 describes ElectraNet's engagement approach, and the key messages from customers. It also outlines how ElectraNet is responding to the feedback from consumers	Section 5, Revenue Proposal Overview
	(3) a description of the key risks and benefits of the Revenue Proposal for electricity consumers; and	Section 10 of the Revenue Proposal Overview addresses key risks and benefits for electricity customers of the Revenue Proposal	Section 10, Revenue Proposal Overview
	(4) a comparison of the Transmission Network Service Provider's proposed total revenue cap with its total revenue cap for the current regulatory control period.	Section 6 of the Revenue Proposal Overview, Figure 14 compares forecast revenue with current regulatory period revenue	Section 9, Revenue Proposal Overview
(h)	The Revenue Proposal must be accompanied by information required by the Expenditure Forecast Assessment Guidelines as set out in the framework and approach paper.	The AER's information requirements are set out in the RIN. Our RIN checklist demonstrates that these requirements have been met	RIN compliance checklist
Contents of Revenue Proposal			
S6A.1.1	Information and matters relating to capital expenditure		
	A Revenue Proposal must contain at least the following information and matters relating to capital expenditure:		
	(1) a forecast of the required capital expenditure that complies with the requirements of clause 6A.6.7 and identifies the forecast capital expenditure by reference to well accepted categories such as:	Section 6.7, Attachment 6 explains our approach to capex classification. Expenditure forecast information in accordance with our capex classification is reflected in section 6.10 and the Forecast Capital Expenditure Model	Sections 6.7 and 6.10, Attachment 6, Forecast Capital Expenditure Model
	(i) asset class (e.g.. transmission lines, substations etc.); or		
	(ii) category driver (e.g.. regulatory obligations or requirements, replacement, reliability, net market benefit, business support etc.),		
	and identifies, in respect of proposed material assets:		
	(iii) the location of the proposed asset;		
	(iv) the anticipated or known cost of the proposed asset; and		
	(v) the categories of transmission services which are to be provided by the proposed asset;		
	(2) the methodology used for developing the capital expenditure forecast;	The forecast methodology is reflected in Section 6.7, Attachment 6	Section 6.7, Attachment 6
	(3) the forecasts of load growth relied upon to derive the capital expenditure forecasts and the methodology used for developing those forecasts of load growth;	The load forecast is reflected in Section 6.8.1, Attachment 6	Section 6.8.1, Attachment 6
	(4) the key assumptions that underlie the capital expenditure forecast;	The key assumptions are reflected in Section 6.8, Attachment 6.	Section 6.8, Attachment 6

Clause	Provision	Comment	Revenue Proposal Reference
	(5) a certification of the reasonableness of the key assumptions by the directors of the Transmission Network Service Provider;	A Director's Responsibility Statement is provided as a Supporting Document	Supporting Document - Director's Responsibility Statement
	(6) capital expenditure for each of the past regulatory years of the previous and current regulatory control period, and the expected capital expenditure for each of the last two regulatory years of the current regulatory control period, categorised in the same way as for the capital expenditure forecast and separately identifying for each such regulatory year:	This is reflected in the Forecast Capital Expenditure Model	Forecast Capital Expenditure Model
	(i) margins paid or expected to be paid by the Transmission Network Service Provider in circumstances where those margins are referable to arrangements that do not reflect arm's length terms; and	Section 1.4.6 explains that ElectraNet is not a related party to any other entity which contributes to the provision of prescribed transmission services. Accordingly, no such margins are paid by ElectraNet	N/A
	(ii) expenditure that should have been treated as operating expenditure in accordance with the policy submitted under paragraph (9) for that regulatory year;	No such expenditure is included in the forecasts	N/A
	(7) an explanation of any significant variations in the forecast capital expenditure from historical capital expenditure;	A trend explanation is provided in Section 6.4 of Attachment 6	Section 6.4, Attachment 6
	(8) any non-network options considered by the Transmission Network Service Provider; and	Non-network solutions are discussed in the Forecasting Methodology in Section 6.8.6 of Attachment 6	Section 6.8.6, Attachment 6
	(9) the policy that the Transmission Network Service Provider applies in capitalising operating expenditure.	We have applied our capitalisation policy which is noted as a Key Policy in the RIN response	
56A.1.2	Information and matters relating to operating expenditure		
	A Revenue Proposal must contain at least the following information and matters relating to operating expenditure:	The operating expenditure is reflected in Attachment 7	Attachment 7
	(1) a forecast of the required operating expenditure that complies with the requirements of clause 6A.6.6 and identifies the forecast operating expenditure by reference to well accepted categories such as:		
	(i) particular programs; or		
	(ii) types of operating expenditure (e.g.. maintenance, payroll, materials etc.),	The expenditure categories are set out in section 7.6, Attachment 7.	Section 7.6, Attachment 7.
	and identifies in respect of each such category:		
	(iii) to what extent that forecast expenditure is on costs that are fixed and to what extent it is on costs that are variable; and	We do not distinguish between fixed and variable operating costs. The forecasting method employs the growth factor developed by the AER	N/A
	(iv) the categories of transmission services to which that forecast expenditure relates;		Table 7.2, section 7.6, Attachment 7
	(2) the methodology used for developing the operating expenditure forecast;		Section 7.7, Attachment 7
	(3) the forecasts of key variables relied upon to derive the operating expenditure forecast and the methodology used for developing those forecasts of key variables;		Section 7.8, Attachment 7
	(4) the methodology used for determining the cost associated with planned maintenance programs designed to improve the performance of the relevant transmission system for the purposes of any service target performance incentive scheme that is to apply to the Transmission Network Service Provider in respect of the relevant regulatory control period;	Not applicable. Our planned maintenance program is designed to maintain reliability in accordance with the design of the STPIS	N/A

Clause	Provision	Comment	Revenue Proposal Reference
	(5) the key assumptions that underlie the operating expenditure forecast;		Section 7.8, Attachment 7
	(6) a certification of the reasonableness of the key assumptions by the directors of the Transmission Network Service Provider;	A Director's Responsibility Statement is provided as a Supporting Document	Supporting Document - Director's Responsibility Statement
	(7) operating expenditure for each of the first three regulatory years of the current regulatory control period, and the expected operating expenditure for each of the last two regulatory years of that regulatory control period, categorised in the same way as for the operating expenditure forecast;		Section 7.4, Attachment 7
	(8) an explanation of any significant variations in the forecast operating expenditure from historical operating expenditure; and	There are minimal variations in the expenditure based on our forecast, this is reflected in Section 7.4, Attachment 7	Section 7.4, Attachment 7
	(9) any non-network alternatives considered by the Transmission Network Service Provider.	Section 7.6 notes that the operating expenditure forecast considers efficient non-network alternatives through the continuation of an existing network support arrangement	Section 7.6, Attachment 7
S6A.1.3	Additional information and matters		
	A Revenue Proposal must contain at least the following additional information and matters:		
	(1) an identification and explanation of any significant interactions between the forecast capital expenditure and forecast operating expenditure programs;	Section 7.7 of Attachment 7 explains that there is limited interaction between our forecast operating and capital expenditure requirements because there is minimal network growth and no step changes are proposed. Section 6.7.2 of Attachment 6 explains that our current mix of operating and capital expenditure is optimal, and our forecast capital expenditure is not expected to have a material impact on our operating expenditure requirements in the forthcoming period	Section 7.7, Attachment 7; and section 6.7.2, Attachment 6
	(2) the values that the Transmission Network Service Provider proposes are to be attributed to the performance incentive scheme parameters for the purposes of the application to the Transmission Network Service Provider of any service target performance incentive scheme that has been specified in a framework and approach paper and that applies in respect of the relevant regulatory control period, and an explanation of how the values proposed to be attributed to those parameters comply with any requirements relating to them set out in that scheme;	STPIS parameters are provided in Attachment 11	Attachment 11
	(3) the values that the provider proposes are to be attributed to the efficiency benefit sharing scheme parameters for the purposes of the application to the Transmission Network Service Provider of any efficiency benefit sharing scheme that has been specified in a framework and approach paper that applies in respect of the relevant regulatory control period, and an explanation of how the values proposed to be attributed to those parameters comply with any relevant requirements set out in that scheme;	Efficiency Benefits Sharing Scheme values are provided in Attachment 9	Attachment 9

Clause	Provision	Comment	Revenue Proposal Reference
	(3A) a description, including relevant explanatory material, of how the Transmission Network Service Provider proposes any capital expenditure sharing scheme that has been specified in a framework and approach paper that applies in respect of the forthcoming revenue determination should apply to it;	Capital Expenditure Sharing Scheme values are provided in Attachment 10	Attachment 10.
	(3B) a description, including relevant explanatory material, of how the Transmission Network Service Provider proposes any small-scale incentive scheme that has been specified in a framework and approach paper that applies in respect of the forthcoming revenue determination should apply to it;	No such scheme is presently in place	N/A
	(4) the provider's calculation of:		
	(i) the estimated total revenue cap for it for the relevant regulatory control period; and	Maximum Allowed Revenue calculations are provided in Section 1.14, Attachment 1 and the Post Tax Revenue Model	Section 1.14, Attachment 1, Post Tax Revenue Model
	(ii) the maximum allowed revenue for it for each regulatory year of the relevant regulatory control period,		Section 1.14, Attachment 1, Post Tax Revenue Model
	using the post-tax revenue model referred to in rule 6A.5, together with:		
	(iii) details of all amounts, values and other inputs used by the Transmission Network Service Provider for that purpose;		Sections 1.4 to 1.15, Attachment 1 and Post Tax Revenue Model
	(iv) a demonstration that any such amounts, values and other inputs comply with the relevant requirements of Part C of Chapter 6A; and		Post Tax Revenue Model; Attachments 2-9
	(v) an explanation of the calculation of the amounts referred to in subparagraphs (i) and (ii) and of the amounts, values and inputs referred to in subparagraph (iii);		Attachment 1
	(vi) where one of those amounts, values or inputs is the allowed rate of return, details of any departure from the Rate of Return Guidelines in calculating that allowed rate of return and the reasons for that departure;	ElectraNet is not proposing to depart from the AER Rate of Return Guidelines in calculating the Rate of Return. This is detailed within Section 3.7 of Attachment 3	Section 3.7, Attachment 3
	(4A) the Transmission Network Service Provider's calculation of the proposed return on equity, return on debt and allowed rate of return, for each regulatory year of the regulatory control period, in accordance with clause 6A.6.2, including any departure from the methodologies set out in the Rate of Return Guidelines and the reasons for that departure;	As above	As above
	(4B) if the Transmission Network Service Provider proposes that the return on debt for a regulatory year of the regulatory control period is to be determined using the methodology referred to in clause 6A.6.2(i)(2), the formula it proposes should be applied in accordance with clause 6A.6.2(i);	ElectraNet has detailed its return on debt methodology within Attachment 3	Section 3.9, Attachment 3
	(4C) the Transmission Network Service Provider's proposed value of imputation credits as referred to in clause 6A.6.4;	The proposed imputation credit values are detailed within Section 4.5 of Attachment 4.	Section 4.5, Attachment 4
	(5) the provider's calculation of the regulatory asset base for the relevant transmission system for each regulatory year of the relevant regulatory control period using the roll forward model referred to in clause 6A.6.1, together with:	Regulatory Asset Base calculations are currently reflected in the Roll Forward Model and Section 2.4 Attachment 2	Section 2.4 Attachment 2, Roll Forward Model

Clause	Provision	Comment	Revenue Proposal Reference
	(i) details of all amounts, values and other inputs used by the Transmission Network Service Provider for that purpose;		As above
	(ii) a demonstration that any such amounts, values and other inputs comply with the relevant requirements of Part C of Chapter 6A; and		As above
	(iii) an explanation of the calculation of the regulatory asset base for each regulatory year of the relevant regulatory control period and of the amounts, values and inputs referred to in subparagraph (i);		As above
	(7) the depreciation schedules nominated by the Transmission Network Service Provider for the purposes of clause 6A.6.3, which categorise the relevant assets for these purposes by reference to well accepted categories such as:	As explained in section 5.3 of Attachment 5, the year-by-year tracking method is provided in a spreadsheet and input to the Post Tax Revenue Model. Section 5.4 sets out the standard and remaining lives used in the depreciation calculations in addition with the Year by Year Depreciation Tracking Sheet	Sections 5.3 and 5.4 of Attachment 5, Year by Year Depreciation Tracking Sheet
	(i) asset class (e.g. transmission lines and substations); or	As above	As above
	(ii) category driver (e.g. regulatory obligations or requirements, replacement, reliability, net market benefit, and business support),	As above	As above
	and also by location, together with:	As above	As above
	(iii) details of all amounts, values and other inputs used by the Transmission Network Service Provider to compile those depreciation schedules;	As above	As above
	(iv) a demonstration that those depreciation schedules conform with the requirements set out in clause 6A.6.3(b); and	As above	As above
	(v) an explanation of the calculation of the amounts, values and inputs referred to in subparagraph (iii);	As above	As above
	(8) the X factors nominated by the Transmission Network Service Provider for each regulatory year of the relevant regulatory control period for the purposes of clause 6A.6.8(a), together with a demonstration that those X factors comply with the requirements set out in clause 6A.6.8(b) of the Rules;	X-factors are provided Section 1.14, Attachment 1 and the Post Tax Revenue Model	Section 1.14, Attachment 1; Post Tax Revenue Model
	(9) the commencement and length of the regulatory control period proposed by the Transmission Network Service Provider; and	A 5 year period is nominated as reflected in Section 1.4.1 of Attachment 1	Section 1.4.1, Attachment 1
	(10) if the Transmission Network Service Provider is seeking a determination by the AER that a proposed contingent project is a contingent project for the purposes of the relevant revenue determination:	Contingent Projects are fully described in Appendix B of Attachment 6	Appendix B of Attachment 6
	(i) a description of the proposed contingent project, including reasons why the Transmission Network Service Provider considers the project should be accepted as a contingent project for the regulatory control period;	As above	As above
	(ii) a forecast of the capital expenditure which the Transmission Network Service Provider considers is reasonably required for the purpose of undertaking the proposed contingent project;	As above	As above
	(iii) the methodology used for developing that forecast and the key assumptions that underlie it;	As above	As above
	(iv) information that demonstrates that the undertaking of the proposed contingent project is reasonably required in order to achieve one or more of the capital expenditure objectives;	As above	As above

Clause	Provision	Comment	Revenue Proposal Reference
	(v) information that demonstrates that the proposed contingent capital expenditure for the proposed contingent project complies with the requirements set out in clause 6A.8.1(b)(2) ; and	As above	As above
	(vi) the trigger events which are proposed in relation to the proposed contingent project and an explanation of how each of those conditions or events addresses the matters referred to in clause 6A.8.1(c).	As above	As above