

I certify that the following is an extract from the minutes of a duly authorised resolution of the Board of directors of ElectraNet Pty Limited ABN 41 094 482 416 (Company) dated 16 March 2017.

SUBJECT: Revenue Reset 2018-19 to 2022-23 - Self Insurance Resolution & Nominated Cost Pass-Through Events (Memorandum 1954)

RESOLUTION:

The Board RESOLVED to:

- a) note that ElectraNet's Revenue Proposal to the Australian Energy Regulator (AER) for the five-year regulatory period commencing 1 July 2018 (the **Revenue Proposal**) includes a self-insurance allowance to cover specified risks that meet the criteria defined below;
- b) note that the risks covered by this allowance which are proposed to be self-insured do not include risks that are intended to be:
 - a. covered by an insurance policy (excluding deductible amounts); or
 - b. eligible for pass-through under the National Electricity Rules (including under the pass through events nominated in ElectraNet's Revenue Proposal);
- c) note that the specific risks covered are:
 - a. any transmission network related event greater than \$20,000 where:
 - i. insurance is commercially unavailable, uneconomic or is a specific exclusion under a policy of insurance;
 - ii. insured risks are below the insurance policy deductible, and deductible payments; or
 - iii. the costs incurred are through emergency actions to mitigate losses.
 - b. any insured non-network event (e.g. vandalism, theft and damage) for losses incurred below existing insurance policy deductibles and/or deductible payments; and
 - c. Workers compensation costs (ElectraNet is a Return to Work SA exempt employer);
- d) note that the allowance for self-insurance to be included in ElectraNet's Revenue Proposal is forecast using the AER's preferred 'base-step-trend' approach but is supported by 'bottom up' actuarial analysis completed by

Finity in their report dated February 2017. This analysis specifically excludes transmission network loss events associated with the 1979 and 28 September 2016 storm events on the basis that future losses of this nature and magnitude would be recoverable under the proposed natural disaster pass through event (or other applicable cost pass through event);

- e) note that the Audit and Compliance Committee, at its November 2016 meeting, endorsed and the Board at its December 2016 meeting noted, the proposed approach to self-insurance for the purpose of the Revenue Proposal; and
- f) approve ElectraNet self-insuring for the specific risk events noted above.



Joanne McDonald
COMPANY SECRETARY
16 March 2017