



ElectraNet Transmission Network Revised Revenue Proposal

Appendix A Director's Responsibility Statement



DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of ElectraNet Pty Ltd (ABN 41 094 482 416) hereby certify that:

- In accordance with the requirements of clause S6A.1.1(5) of the National Electricity Rules, the key assumptions¹ that relate to capital expenditure are reasonable for the purpose of establishing an efficient ex-ante capital expenditure allowance for ElectraNet's Revised Transmission Network Revenue Proposal 2013-14 to 2017-18;
- In accordance with the requirements of clause S6A.1.1(6) of the National Electricity Rules, the key assumptions² that relate to operating expenditure are reasonable for the purpose of establishing an efficient ex-ante operating expenditure allowance for ElectraNet's Revised Transmission Network Revenue Proposal 2013-14 to 2017-18;
- The capital and operating expenditure forecasts are based on the best available information at the time of submission;
- The historic capital and operating expenditure information provided in support of ElectraNet's Transmission Network Revised Revenue Proposal 2013-14 to 2017-18 is drawn up and presented fairly according to the AER's submission guidelines and cost allocation guidelines, and consistent with ElectraNet's approved Cost Allocation Methodology; and
- All related party transactions are commercially based and are disclosed in the annual regulatory financial statements in accordance with the AER's Information Guidelines.

¹ The key assumptions with respect to the capital expenditure forecast are set out in Chapter 5 of the Revenue Proposal (31 May 2012), as amended in the revised Revenue Proposal, and relate to:

- Forecast demand growth at connection points provided by the distributor and direct connect customers, and forecast State-wide diversified demand published by AEMO in its National electricity forecasting report, 2012;
- Possible future market development scenarios developed by Roam Consulting to test the robustness of the forecast;
- Network models, planning standards (including those specified in the National Electricity Rules and the South Australian Electricity Transmission Code) and design standards;
- Asset condition data and risk assessments;
- Project scopes and cost estimates based on ElectraNet's internal estimating system;
- Forecasts of wages growth, land appreciation and construction costs based on independent expert advice;
- Equity raising costs based on a benchmark allowance; and
- Cost estimation portfolio risk analysis based on expert advice.

² The key assumptions with respect to the operating expenditure forecast are set out in Chapter 6 of the Revenue Proposal (31 May 2012), as amended in the revised Revenue Proposal, and relate to:

- The efficiency of ElectraNet's base year costs;
- Forecasts generated from a routine maintenance and corrective forecasting model;
- Identification of required maintenance refurbishment projects in the Asset Management Plan;
- Forecasts of wages growth and land appreciation based on independent expert advice;
- The impact of scope changes driving costs higher than are represented in the base year costs;
- Independently sourced insurance and self-insurance forecasts;
- Debt raising costs based on a benchmark allowance; and
- Network support forecast based on existing contractual arrangements.

Signed in accordance with a resolution of directors:



Name Gordon Jardine
Chairman and Director

Dated 15 Jan 2013



Name PK Chin
Director

Dated 15 Jan 2013