

## 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 assumptions<sup>1</sup> that relate to capital expenditure are reasonable for the purpose of establishing an efficient ex-ante capital expenditure allowance for ElectraNet's 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 assumptions<sup>2</sup> that relate to operating expenditure are reasonable for the purpose of establishing an efficient ex-ante operating expenditure allowance for ElectraNet's Transmission Network Revenue Proposal 2013-14 to 2017-18;
- Capital and operating expenditure forecasts are based on the best available information at the time of submission; and
- The historic capital and operating expenditure information provided in support of ElectraNet's Transmission Network 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.

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<sup>1</sup> The key assumptions with respect to the capital expenditure forecast are set out in Chapter 5 of the Revenue Proposal and relate to:

- Forecast demand growth at connection points independently provided by the distributor and direct connect customers, and forecast State-wide diversified demand published by AEMO in its South Australia Demand Supply Outlook report;
- 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.

<sup>2</sup> The key assumptions with respect to the operating expenditure forecast are set out in Chapter 6 of the Revenue Proposal and relate to:

- The efficiency of ElectraNet's 2011-12 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

Dated

4 July

2012

Chairman and Director



Name

A. FREER

Dated

28 June

2012

Director