6.8 Fixed Assets

6.8.1 Constructed Assets (Capital vs Operating)

Policy Purpose

This policy specifically relates to expenditure on constructed assets of Energex. An important part of this policy is the distinction between capital and operating expenditure, and reference is made to examples at a high conceptual level as well as at a detailed level. Determination of the type of expenditure can have a significant effect on the bottom line income statement/ profit or loss and or the regulated revenue cap determination.

Applicable Australian Accounting Standards & Other Pronouncements

- AASB116 Property, Plant and Equipment
- AASB137 Provisions, Contingent Liabilities and Contingent Assets
- UIG Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities
- AASB Framework for the Preparation and Presentation of Financial Statements

Board Approved Group Accounting Policy

1. **An asset should be recognised in the balance sheet when and only when:**
   a) **the asset has a cost that can be measured reliably;**
   b) **the asset has physical substance and could be expected to be used over more than one financial year; and**
   c) **the asset will be in the control of Energex and will deliver future economic benefits to Energex.**
2. **Capital expenditure includes the cost of the following:**
   - **The acquisition or construction of a new unit of plant.**
   - **The replacement of a unit of plant or of a substantial part of the unit.**
   - **A significant improvement to a unit's original design**
   - **Includes all reasonable costs for direct labour (including oncosts), materials, contractor costs, directly attributable overheads and dismantlement costs.**

   Rather than restoring a unit to its original condition, an improvement means that the unit now:
   - **Performs an additional function**
   - **Has increased capacity**
   - **Has a significantly longer life**
3. **Costs incurred subsequent to putting an asset into use, may only be capitalised when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the entity in future financial years.**

Scope

This policy applies to all Energex group companies

Capitalisation of computer software is outside the scope of this policy, with one exception. The exception is computer software that is an integral part of the related hardware, such as the operating system which is classified as property, plant and equipment. Computer software, with the one exception, is to be accounted for in accordance with the Finance Policy - Purchased Assets for purchased software and with the Internally Generated Intangible Asset Policy for constructed software.

Definitions

Asset To satisfy the definition of property plant & equipment as an asset, there must be:

- recognition the asset has a cost that can be measured reliably;
- the asset has physical substance and could be expected to be used over more than one financial year; and
- the asset will be in the control of Energex and will deliver future economic benefits to Energex.

(Refer Finance Policy - Asset Policy).

Asset Available An asset is available for use when it is in the location and condition necessary for **Use** it to be capable of operating in the manner intended by management.

Complex Asset A physical asset capable of disaggregation into identifiable components / units of plant that are subject to regular replacement. Components / units of plant are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly. Energex's supply system is treated as a complex asset. References to an asset throughout this policy refer to the components of the supply system that are identified as units of plant.

Constructed Asset The broad definition of a constructed asset is that it involves the creation of an asset through expenditure of the nature of labour, contractor's labour and materials and directly attributable overheads.

An item of property, plant and equipment acquired without any of these attributes by default is defined as a purchased asset (refer Finance Policy - Purchased Assets).

For further details on major categories of assets and how they should be classified, please refer **Appendix A.**

Capital Expenditure Capital expenditure contributes to the operations over a greater period of time, i.e. results in a future economic benefit, and therefore is carried forward in the balance sheet. It includes:

(i) Additions and Acquisitions

Costs of acquisition of a new unit of plant, including all expenses necessary to bring the asset to the location and condition necessary for its intended use. An asset available for use means being capable of operating in the manner intended by management.

(ii) Improvements and Alterations

Costs relating to a significant improvement to a unit's original design such that the unit of plant:

- Performs an additional function;
- Has increased capacity, capability or reliability; or
- Operates more efficiently.

(iii) Replacements and spare parts

- Work undertaken under a refurbishment project; that:

- Significantly extends the asset's useful life beyond the original expected useful life; and/or
- Replacements to components of plant where those parts are significant in relation to the whole unit of plant and are expected to be used for more than one year. In such instances, the original components are required to be retired from the fixed assets register (even if the replaced part had not previously been depreciated separately);

- Spare parts and servicing equipment are usually carried as inventory and recognised in profit or loss as consumed. However, major spare parts and stand-by equipment qualify as property, plant and equipment when Energex expects to use them during more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment. In such instances, the original components are required to be retired from the fixed assets register (even if the replaced part had not previously been depreciated separately).

(iv) Repairs of a Capital Nature

Expenditure on repair items which represents:

- Initial repairs required at the time of acquisition of a unit of plant;
- Major planned maintenance resulting in an extension to the original expected useful life of the asset; and/or
- Statutory repairs performed to comply with a law or rule which have a future economic benefit either directly in relation to an individual asset or the future economic benefits arise because they enable Energex to derive future economic benefits from related assets in excess of what could be derived had it not been repaired.

Future Economic Benefit

Benefits are provided to the entity beyond the current financial year. Future economic benefits are also synonymous with the notion of service potential.

Operating Expenditure

Operating expenditure contributes to the operations in the financial year in which it is incurred and does not result in a future economic benefit or the extension of the plant's life, therefore it is expensed. It includes:

(i) Repairs and Maintenance

Work performed as part of ongoing maintenance, which:

- Represents the remediation or making good a defect;
- Restores the efficiency of function;
- Represents progressive restoration to components of units of plant over a period of time; and/or

Work performed to comply with a law or rule, which includes:

- Statutory repairs to plant which have no future economic benefit to the organisation.

(ii) Replacements

Costs which are usually not part of a refurbishment program that are associated with:

Replacements of subsidiary parts of a unit as a whole and which are insignificant in relation to the whole unit of plant.

Refurbishment	Extensive work required to bring a unit of plant up to current acceptable functional conditions. Refurbishment can be of an operating or capital nature. Capital refurbishment occurs when the work is expected to increase the life of the asset past its original design life, or otherwise uprate the asset. All other refurbishment is operating.
Significant	It is perceived that 10% or greater compared to the total replacement cost of the asset will generally be considered significant. A value within the range of 5 – 10% remains a matter of judgement to be considered in consultation with the Fixed Asset Manager.
Units of Plant	Separately identifiable and individually significant items of capital equipment are grouped together to form a class of assets e.g. supply system. A list is provided in **Appendix B**. Units of plant for assets are defined by Financial Control based on individual details of assets. For asset categorisation and economic useful lives of assets, reference can be made to the following schedules (on the Fixed Assets intranet site): Depreciation Rates - Supply System Assets; Depreciation Rates - Non Supply System Assets.
Upgrade	Increases the efficiency or reliability of an item of plant.
Uprate	Increases the capacity or useful life of an item of plant.

Discussion

Initial Costs

Cost of Constructed Assets

The cost of assets constructed by Energex includes the cost of materials used, direct labour and contractors' costs, an allocation of directly attributable overhead, and an estimate of the costs of dismantling and removing the asset and restoring the site. It excludes any internal profits and abnormal amounts of wasted material, labour or other resources. There is no capitalisation threshold for constructed assets.

Capital costs contribute to the operations over a greater period of time and result in a future economic benefit; therefore they are carried forward in the balance sheet (and depreciated over the useful life).

Subsequent Costs

Costs incurred in relation to an asset after the initial acquisition and after the asset has been flagged for capitalisation, can be capitalised provided there is an enhancement of economic benefits to the asset in excess of the previously assessed standard of performance. If it is probable there will be no enhancement of economic benefits, the additional costs must be expensed in the financial year in which they are incurred.

Components of asset costs

Dismantlement/Restoration Provision

An estimate of dismantling and restoration costs must be included in the cost of the assets where it is probable that these costs will be incurred, and a reliable estimate can be made. The liability is to be measured at its present value, discounted using a pre-tax rate reflective of the risks specific to the provision (pre-tax WACC for Districts) (refer Finance Policy - Sale, Disposal or Dismantling of an Asset). Alternatively, the future cash flows may be adjusted to reflect the risk and then these are to be discounted using a risk-free interest rate (such as a government bond with a similar maturity to the obligation).

The provision for dismantling and restoration must meet the definition and recognition criteria in accordance with the Finance Policy – Provisions. Electricity distribution assets do not recognise an estimate of dismantling and restoration costs in the cost of the associated assets as the distribution network is deemed to be long-lived and any resulting provision is not considered material.

Changes in the decommissioning liability (being estimated dismantling, restoration and removal costs) may result from revised estimates of anticipated future cash flows, revisions in discount rates, and changes in the timing of site restoration.

Where there is the change in the estimated decommissioning liability and the asset is measured at cost, an increase or decrease in the liability will be accounted for as an increase or a decrease in the asset. This is to the extent that any decrease in the carrying amount of the asset should not go below zero (any excess going to the profit and loss/ income statement) and any increase may require a separate assessment as to whether it will become an impairment trigger.

Where the assets are measured at fair value, any changes in the decommissioning liability should be treated as a revaluation increment or decrement.

Borrowing Costs

Borrowing costs that are directly attributable to the construction of assets should be capitalised as part of the cost of those assets. The current interest rate will be applied to the outstanding capital WIP balance at the end of each month provided the project life exceeds 12 months and the net WIP balance exceeds $200,000. (Refer Finance Policy - Borrowing Costs).

Overheads

To ensure the value of constructed assets correctly reflects all costs incurred, it is necessary to charge direct costs and indirect costs (overheads) that are directly attributable on a causal basis. The absorption costing method of allocating overhead costs to capital works has been adopted by Energex for this purpose. Internally constructed assets include fully absorbed costs of construction and this costing would also be reflected in the asset values had they been acquired externally from a third party.

For additional information relating to the capitalisation of overheads, refer to Finance Policy - Capitalisation of Corporate Overheads to Constructed Assets.

Other Directly Attributable Costs

Other costs that are directly attributable to capital projects (e.g. survey and consulting costs and environmental offset costs) and are necessarily incurred to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are capitalised provided the project is expected to proceed and it is probable that future economic benefits will eventuate, even if the costs are incurred prior to project approval (excluding feasibility costs).

Indicators that the likelihood of future economic benefits is too uncertain include (but are not restricted to):

- lack of unconditional approval by the relevant authorising body (e.g. CEO or Board);
- political/economic uncertainty surrounding the commercial success of the project; and
- insufficient evidence that the project will create future economic benefits (such as increased revenue and/or reduced expenditure).

Costs that must be expensed as incurred include:

- Business case preparation (except for network related projects);
- Investigations of alternatives;
- Review of potential operational impacts;
- Benchmarking other companies or similar activities; and
- Training of users or project staff.

Capital vs Operating Expenditure

The following Attachments are intended to give examples of different types of capital and operating expenditure.

- Appendix C: Capital v Maintenance Supply Detailed Examples
- Attachment B1: Capital v Opex Decision Tree
- Attachment B2: Capital v Opex Decision Tree - Customer Requested

Other applicable documents include:

- Cost Code Matrix - Alternative Control Services
- Rearrangement of Shared Network Assets Presentation

Related Processes

Retirement of existing assets

In some instances, the recognition of capital expenditure gives rise to the recognition of a replacement asset or part thereof. In such circumstances, it is required to remove and retire the existing asset / part from the fixed assets register even if it was not previously separately recognised.

Transferring Capital WIP to Property, Plant and Equipment (Timing of Capitalisation)

The criteria for flagging expenditure on capital work in progress as being ready to capitalise is that the item under construction must meet the definition as an asset (refer above) and is classified as work in progress. Once the in service date has been input into Ellipse, work in progress is transferred to property, plant and equipment and depreciation commences when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Project Review

Financially significant projects require review and assessment by External Reporting, Control and Compliance for unique characteristics and accounting treatment. Project reviews support corporate governance and may occur at any phase of the project, from the business case to the implementation.

Cancelled Projects

On cancellation of projects, all direct costs incurred on those projects will be specifically reviewed, and:

- Costs that can be attributed to and used in other projects will be re-allocated to those capital projects;
- Items of inventory or equipment will be returned to the stores where they will be subject to normal procedures to review them for obsolescence;
- Remaining costs will be assessed individually to consider whether such costs are directly attributable to the supply system. Where costs are incurred on components that will be used and which can function as

an integral part of the supply system, those costs will be capitalised as part of the supply system. Examples of such costs would include access tracks or other infrastructure that will be utilised by Energex; and

- Remaining costs that cannot be considered to be directly attributable to the supply system will be processed as a direct expense and excluded from the overhead pool to ensure none of these costs are capitalised as part of the supply system.

Disclosure Requirements

Refer to Fixed Assets Movement Reconciliation under the Disclosure Requirements for Finance Policy - Revaluation of Property, Plant & Equipment.

Enquiries

Enquiries relating to this policy can be directed to the Fixed Asset Manager.

Related Documents

- Finance Policy – Purchased Assets
- Finance Policy – Recording of Fixed Assets
- BMS 3897 Direct & Indirect Booking Practices for Program of Work Standard
- BMS 4079 POW - Direct versus Indirect Expense Policy

Changes from Previous Version

Version	Changes
Version 1 (12 Oct 2004)	• This policy document replaces BMS 00945 Capital Expenditure v Operating Expenditure.
Version 2 (15 Dec 2004)	Attachment A updated for: • pole replacement damaged by unknown customer is operating in nature • rewording of some pole examples for clarity
Version 3 (09 Mar 2005)	• Update “Incidental Costs” to exclude certain project costs from capitalisation and to define reasonable doubt. Update Capex v Opex Overview table formatting.
Version 4 (30 Jun 2005)	Changes resulting from adoption of IFRS: • Accounting for the construction of computer software is excluded from the Policy and included in Finance Policy – Internally Generated Intangibles. • Cost of asset is to include an estimate of dismantling and removing the asset, and restoring the site. • Minor word changes in the definition of incidental costs that can be capitalised (no change in substance).
Version 7 (16 Jul 2007)	• Updated the capitalisation threshold from $100,000 to $200,000 to align with the updated Borrowing Costs policy.
Version 8 (12 Mar 2008)	• Included guidance on excluded items from cost of constructed assets. • Removed reference to gas network assets and gas cost allocation guidelines due to the sale of the gas retail business. • Corrected document name for the electricity cost allocation guidelines and removed “retail” from example of other LoB. • Included reference to disclosure requirements detailed in Finance Policy - Revaluation of Property, Plant & Equipment.
Version 9 (19 Jan 2009)	• Restructure policy to provide greater clarity around definitions of assets and units of plant • Update list of examples and decision tree (Attachments A & B)
Version 11	• Comprehensive Review of Finance Policy Manual for outdated information due to changes in

Version	Changes
(31 Mar 2010)	business operation, systems and Australian Accounting Standards. • The following changes have been made: - Structural changes – "Policy Statement" has been changed to "Policy Purpose", a "Definitions" section added and version change date and detail added; and - Provide clarification on capitalisation criteria, being increased life or functionality. • Amendments to AASB Framework, UIG Interpretation 1, AASB 116 and 137 (as reflected in the latest AASB Framework, UIG Interpretation 1, AASB 116 and 137 applicable for the 2009/10 financial year, issued in June 2009) since the first version under IFRS dated July 2004 have not been substantive.
Version 12 (31 Mar 2011)	• Definition of "Asset Available for Use" has been added. • References to the CAMP (Cost Allocation Methods and Procedures) under QCA (Queensland Competition Authority) have been changed to the CAM (Cost Allocation Methodology) under AER (Australian Energy Regulator). • The Overheads paragraph under Components of assets costs has been updated to reflect the new overhead allocation process under the CAM. • Reference to project review by the Fixed Assets department of large capital and operating projects on a monthly basis to assess the potential differences between accounting and tax treatments of capitalisation has been deleted as the role shall sit with the relevant business area accountant and it is the Fixed Assets team's role to review projects. • Appendix 2 has been updated to include more items. • Attachment B Capital V Operating Decision Tree has been removed.
Version 13 (30 Mar 2012)	• Minor editorial changes.
Version 14 (28 Mar 2013)	• Minor editorial changes.
Version 15 (31 Mar 2014	• Minor editorial changes. • Addition of guidance outlining process for assessment and treatment of costs associated with Cancelled Projects.

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Appendix A

The following table shows the major categories of assets and how they are classified. This classification is not hard and fast in all cases e.g. furniture, fixtures and fittings can be a constructed asset for an office fitout or purchased asset for the purchase of a desk.

Asset Category	Recommended Type
Passenger Vehicles with Energex modifications	Constructed
Heavy Vehicles and Mobile Plant that include Energex modifications	Constructed
Pooled Assets less than $1,000	Purchased
Supply System Assets	Constructed
Land and Easements that include Energex modifications	Constructed
Commercial Properties that include Energex modifications	Constructed
Fixed and Mobile Radio Equipment	Purchased
LV Contestable Metering	Constructed
Tools and Plant	Purchased
Land Fill Gas assets that include Energex modifications	Constructed
Office Machines and Equipment	Purchased
Furniture and Fittings	Purchased
Mainframe Computers specifically constructed for Energex	Constructed
Desktop and Peripherals	Purchased
Corporate Servers	Purchased
Data Comms and Data Network Infrastructure	Purchased
Laptops	Purchased

Appendix B

ASSETS / UNITS OF PLANT

The following table shows the supply system asset categories and details of the units of plant within each category

Supply System Asset Category	Unit of Plant
110KV Circuit Breaker	110KV Circuit Breaker (outdoor and gas)
110KV Steel Conductor	110KV Feeder comprised of 110KV Conductor and Steel tower
110KV Concrete Conductor	110KV Feeder comprised of 110KV Conductor and Concrete pole
110KV Wood Pole/Conductor	110KV Feeder comprised of 110KV Conductor and wood pole
110KV Transformer	110KV Transformer
11KV Cap Bank & C/Breaker	11KV Capacitor Bank 11KV Circuit Breaker
11KV and LV Underground Cable	11KV Underground Cables LV Underground Cables
11KV Oh Recl Reg ABS RMU Sect	11KV Recloser 11KV Regulator 11KV Air Break Switch Ring Main Unit 11KV Sectionalisers
11KV Wood Pole/Conductor	11KV Feeder comprised of wood poles, 11KV conductor, cross arms and pole top hardware
11KV Transformer	11KV Padmount Transformer 11KV Kiosk Transformer 11KV Pole Mount Transformer 11KV Indoor Transformer 11KV Ground Transformer
33KV Oil/Gas & 110KV Underground Cable	33KV Oil insulated Undergound Cable 33KV Gas insulated Undergound Cable 110KV Underground Cable
33KV ABS Overhead Allowance	33KV Air Break Switch 33KV Overhead Construction

Supply System Asset Category	Unit of Plant
33KV Cap Bank CB Reg Term	33KV Regulator 33KV Capacitor Bank 33KV Circuit Breaker (indoor and outdoor) 33KV Cable Termination
33KV Overhead Concrete Pole/Conductor	33KV Feeder comprised of 33KV Conductor and Concrete Pole
33KV Overhead Wood Pole/Conductor	33KV Feeder comprised of 33KV Conductor, Wood Pole and overhead earth wire
33KV Pole Transformer	33KV Pole Transformer
33KV Transformer	33KV Transformer
33KV Underground Cable Solid Insulated	33KV Underground Cable Solid Insulated
66KV Wood/ Pole Conductor	66KV Feeder comprised of 66KV Conductor and Wood Pole
66KV Transformer	66KV Transformer
66KV Cap Bank & C/Breaker	66KV Capacitor Bank 66KV Circuit Breaker
AFLC LV C/Breaker Or Sw/Yard	Audio Frequency Load Control Equipment LV Circuit Breaker Switchyard comprised of fencing, earthing, drainage, roads, surface
Ancillary Substation Equipment	Ancillary Substation Equipment comprised of battery bank, central SCADA and AC and DC auxiliary boards
Communications Pilot Wire Overhead	Communications Pilot Wire attached to an overhead feeder
Communications Pilot Wire Underground	Communications Pilot Wire which is underground
Communications System	Communications System equipment
Control Centre System	Control Centre System
LV Overhead Conductor	LV Feeder comprised of LV Conductor, wood poles, cross arms
Metering HV – Regulatory	Voltage Transformer and Current Transformer

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Supply System Asset Category	Unit of Plant
	HV Metering units
Metering LV – Regulatory	LV Metering
Mobile Subst Misc Building	Substation control and equipment building Mobile Substation
Service Lines LV Overhead	Service Lines LV Overhead
Street Lighting	Street Lighting
Undergound Cable Duct	Undergound Cable Duct
Substation Land Improvements	Substation Land Improvements
Substation Buildings	Substation Buildings
11KV Kiosk/Grd/Cable Box Transformers including RMUS	11KV - 200–1500 kVA Cable Box 11KV - 500–1500 kVA Ground Transformers 11KV - 200-1000kVA Kiosk & Padmount
Communication network equipment	Communication improvements between substations, hubs and the control centre including routers, switches for the MPLS (multi protocol link switching) and communications network
Fibre Optic cable for UG and OH	Fibre Optic cable for underground and overhead
Metering LV Smart Meters	Metering Low Voltage Smart Meters
Metering LV Load Control Devices	Metering Low Voltage Load Control Devices

Supply System Capital vs Maintenance Examples

Asset Category Description (Unit of Plant)	Maintenance Operating Expenditure	Refurbishment Capital Expenditure (Extends life of asset, increases function and/or capacity)	Augmentation Capital Expenditure
Lines OH & UG are comprised of: • Cables • Conductors • Poles • Towers • Pole top hardware	• Inspection costs • Minor repairs • Replacement of a section of line or cable that is not significant in relation to the feeder • Replacement of conductor/cable to repair fault • Vegetation management costs	• Replacement of conductors/cables that have reached the end of their service life are damaged or are defective, with similar capacity conductors/cables. • Replacement must represent a substantial section of OH / UG line • **Replacement of minor plant components providing they are part of a refurbishment project** • **Costs to include all directly attributable costs for installation of the replacement line for it to be capable of operating in the manner intended by management.** • **Old plant to be retired**	• New Cable, Conductors &/or Poles • Extensions of OH / UG lines due to load growth
Transformers • Polemount • Padmount • Power • Ground • Kiosk • Indoor	• Inspection costs • Minor repairs • Repair after removal from service	• Replacement of transformers or significant subsidiary parts that have reached the end of their service life are damaged or are defective, with a similar capacity transformer • Costs to include all directly attributable costs for installation of the replacement transformer for it to be capable of operating in the manner intended by management. • Old plant to be retired	• New transformer installed • Transformer upgrade
Substation Equipment • Circuit Breaker • Capacitor Bank • Ancillary Substation	• Inspection costs • Minor repairs	• Replacement of substation equipment or significant subsidiary parts that have reached the end of their service life are damaged or are defective, with similar capacity equipment	• New equipment installed • Uprating of equipment

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Asset Category Description (Unit of Plant)	Maintenance Operating Expenditure	Refurbishment Capital Expenditure (Extends life of asset, increases function and/or capacity)	Augmentation Capital Expenditure
Equipment • Battery Bank • Audio Frequency Load Control • Voltage & Current Transformers • Scada • Protection Relays		• Costs to include all directly attributable costs for installation of the replacement transformer for it to be capable of operating in the manner intended by management. • Old plant to be retired	
Distribution Equipment • Recloser • Air Break Switch* • Ring Main Unit • Sectionaliser • Regulator • Load Break Switch	• Inspection costs • Minor repairs	• Replacement of substation equipment or significant subsidiary parts that have reached the end of their service life are damaged or are defective, with similar capacity equipment. • Replacement of air break switches providing they are part of a refurbishment project • Costs to include all directly attributable costs for installation of the replacement transformer for it to be capable of operating in the manner intended by management. • Old plant to be retired. • Replacement of plant which has reached the end of their service life or as a result of defect, fault or damage	• New units of plant • Uprating of equipment

Note

- Maintenance expenditure represents preventative, routine or programmed inspections and tests, emergency repairs as well as operational expenditure required to bring a unit or component of plant up to current acceptable functional conditions.
- Capital Works expenditure includes Customer Requested Works and Company Initiated Capital Works such as augmentations for load growth.
- Capital Refurbishment occurs when work is expected to increase the life of the asset beyond its original design life. This work may be a result of programmed inspections and will be bundled into projects by feeder. Where an old asset is removed, the activities may be capitalised provided the old asset is retired and the value is removed from the asset register.
- Significant for the purposes of this policy may be said to be items with a value greater than 10%. Items with a value of between 5-10% remain an element of judgement and analysis of the circumstances.

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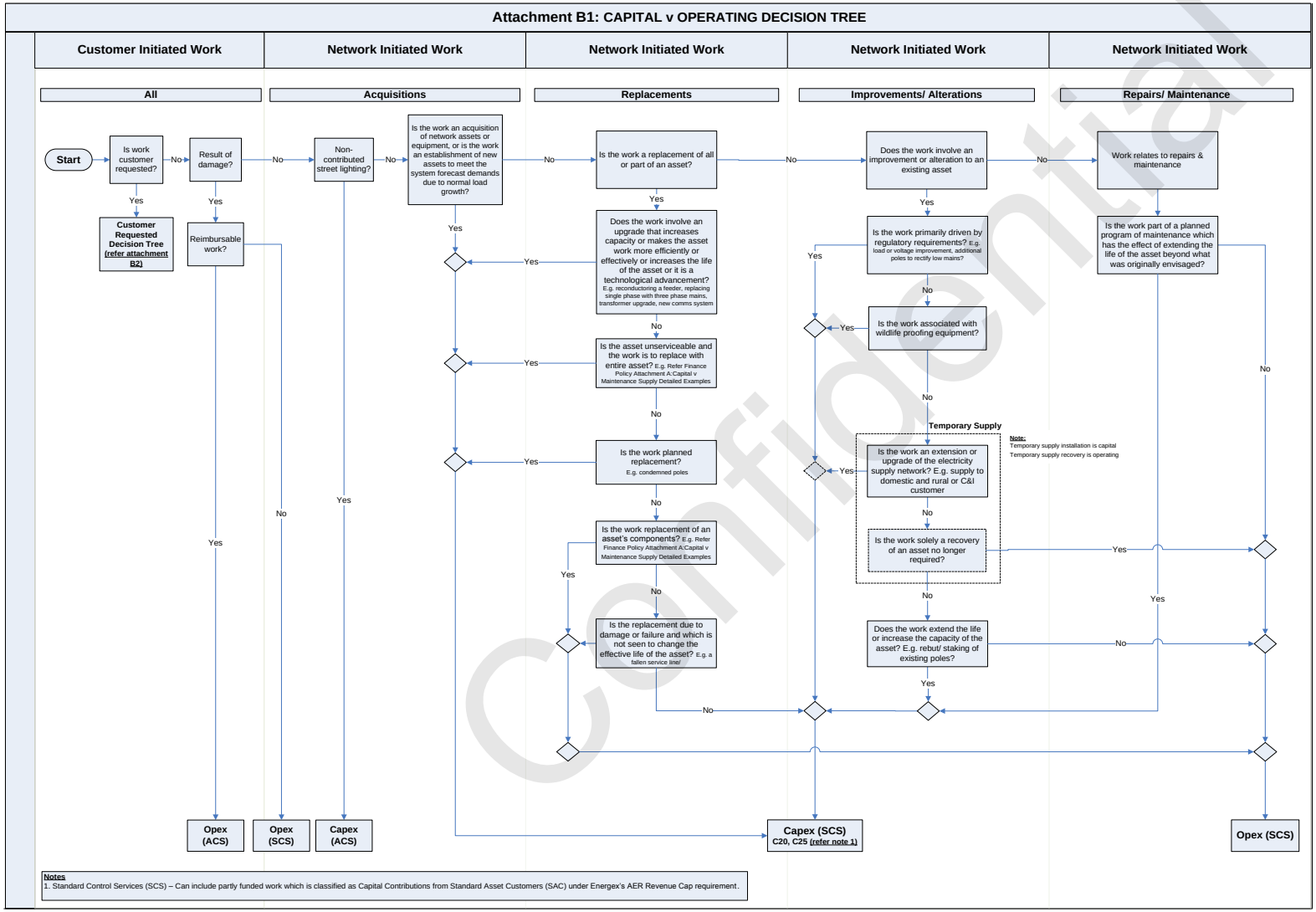

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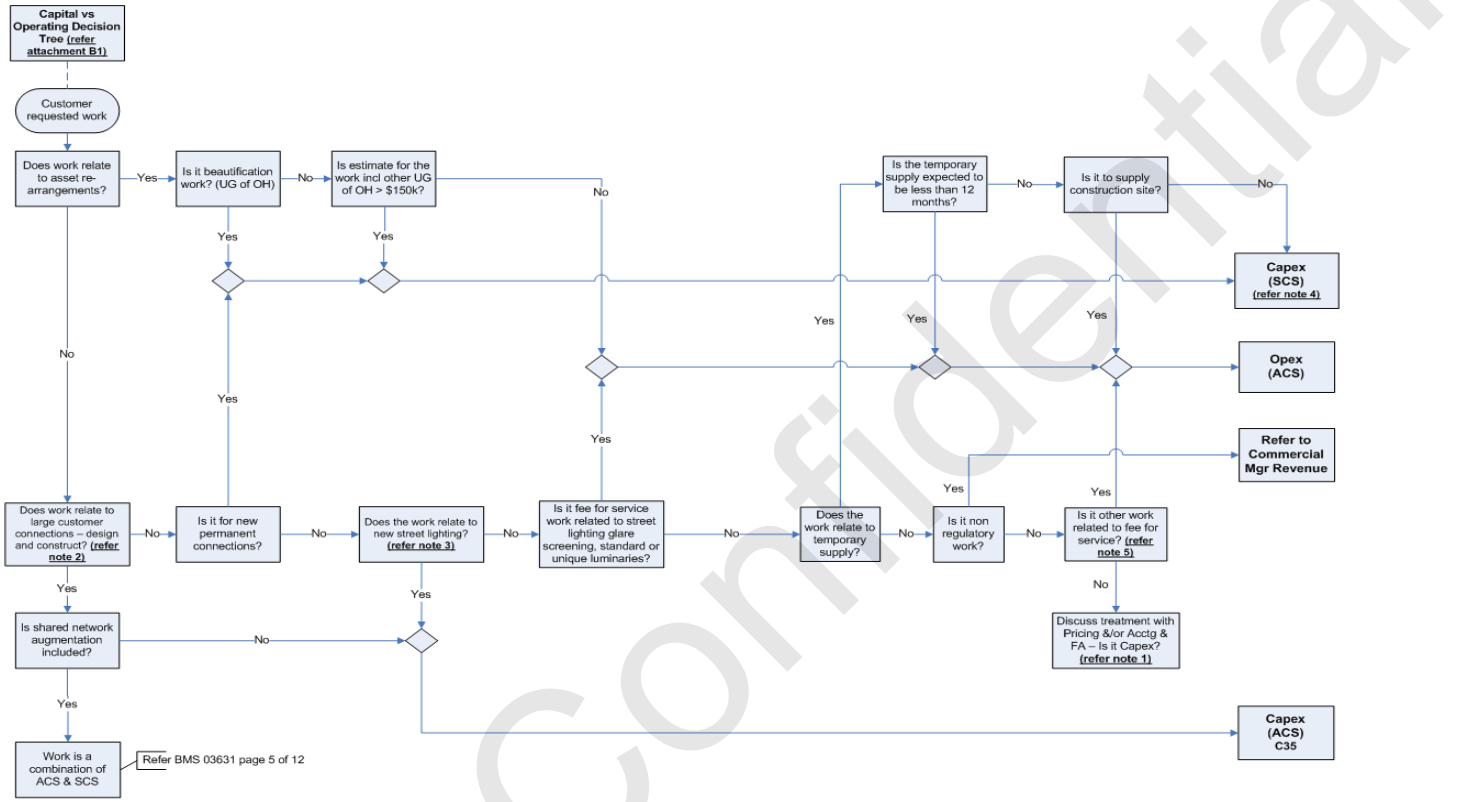
Attachment B2: CAPITAL Vs OPERATING DECISION TREE – CUSTOMER REQUESTED WORK



Notes
1. Sometimes customer requested work may initially be classified as Alternative Control Services but later changed to Standard Control Services e.g. a request to UG some OH may initiate a brought forward of POW of UG of OH for a location that includes the customer request.
2. Alternative Control Services (ACS) – Large customer connections (LCC) assets that are Energex or customer constructed may be "gifted" back to Energex. These assets are termed 'Customer Contributions" and during project setup are given unique property units to ensure they are excluded from Energex's regulatory asset base. LCCs are generally where annual consumption is > 4GWH or estimated maximum demand is > 1MVA. Refer subdivisions and Network Service Centre Manager.
3. Alternative Control Services (ACS) – Street Lights – Customer contributed assets are also termed "Customer Contributions", as distinct from "Capital Contributions", and require unique property units to ensure they are excluded from Energex's regulatory asset base.
4. Standard Control Services (SCS) – Can include partly funded work which is classified as Capital Contributions from Standard Asset Customers (SAC) under Energex's AER Revenue Cap requirement.
5. Alternative Control Services (ACS) – Other works include auditing of design & construct, supply enhancement unmetered services or additional crew, emergency works including damage to energex property, non standard data services etc.