# Annual Reporting - Amended RIN Workbook 1 Basis of Preparation

2020 - 2021

ERGON ENERGY NETWORK

Part of Energy Queensland

# Contents

BoP - 3.6 Quality of Service ........ 3
Table 3.6.6 - Complaints - Technical Quality of Supply ........ 3
Table 3.6.6.1 - Technical Quality of Supply ........ 3
Table 3.6.7 - Customer Service Metrics ........ 4
Table 3.6.7.1 - Timely Provisions of Services ........ 4
Table 3.6.7.2 - Timely Repair of Faulty Street Lights ........ 4
Table 3.6.7.3 - Call Centre Performance ........ 4
Table 3.6.7.4 - Number of Customer Complaints ........ 4
BoP - 3.6.8 Network Feeders ........ 10
Table 3.6.8 - Network Feeder Reliability ........ 10
BoP - 3.6.9 Network Reliability ........ 14
Table 3.6.9 - Network Reliability - Planned Outages ........ 14
BoP – 4.1 Public Lighting ........ 16
Table 4.1.4 Public Lighting Metrics by Tariff ........ 16
BoP - 6.2 STPIS Reliability ........ 20
Table 6.2.1 - Unplanned Minutes off Supply (SAIDI) ........ 20
Table 6.2.2 - Unplanned Interruptions to Supply (SAIFI) ........ 20
Table 6.2.4 - Distribution Customer Numbers ........ 20
BoP - 6.6 Customer Service ........ 25
Table 6.6.1 - Telephone Answering ........ 25
Table 6.6.2 – Inadequately Served Customers ........ 27
BoP - 6.7 STPIS Daily Performance ........ 30
Table 6.7.1 - Daily Performance Data - Unplanned ........ 30
BoP - 6.8 STPIS Exclusions ........ 32
Table 6.8.1 – STPIS Exclusions ........ 32
BoP - 6.9 STPIS GSL ........ 34
Table 6.9.1 - Guaranteed Service Levels - Jurisdictional GSL Scheme ........ 34
BoP - 7.8 Avoided TUOS Payments ........ 36
Table 7.8.1 - Avoided TUOS Payments ........ 36
BoP - 7.10 Juris Scheme ........ 38
Table 7.10.1 - Jurisdictional Scheme Payments ........ 38
BoP - 7.11 Demand Management Incentive Scheme ........ 42
Table 7.11.1 - DMIS - Projects Submitted for Approval ........ 42
Table 7.11.2 – DMIAM - Projects Submitted for Approval ........ 43

BoP - 8.1 Income ..... 44
Table 8.1.1 - Income Statement ..... 44
Table 8.1.1.1 - Revenue ..... 44
Table 8.1.1.2 - Expenditure ..... 44
Table 8.1.1.3 - Profit ..... 44
BoP - 8.2 CAPEX ..... 53
Table 8.2.1 - CAPEX by Purpose - Standard Control Services ..... 53
Table 8.2.2 - CAPEX by Purpose - Material Difference Explanation ..... 58
Table 8.2.3 - CAPEX Other ..... 59
Table 8.2.4 - CAPEX by Asset Class ..... 63
Table 8.2.5 - Capital Contributions by Asset Class ..... 65
Table 8.2.6 - Disposals by Asset Class ..... 67
Table 8.2.7 – Immediate Expensing of CAPEX ..... 69
BoP - 8.4 OPEX ..... 71
Table 8.4.1 - Operating & Maintenance Expenditure - by Purpose ..... 71
Table 8.4.2 - Operating & Maintenance Expenditure - by Purpose - Margins Only ..... 76
Table 8.4.3 - Operating & Maintenance Expenditure - Explanation of Material Difference ..... 80
BOP – P1 Cost Reflective Tariff and Metering ..... 81
Table P.1.1 – Distribution Customer Numbers – By Meter Type ..... 85
Table P.1.2 – Distribution Customer Numbers – Non-Cost Reflective Tariffs – Interval/Smart Meters88
Table P.1.3 – NMI Count – By Tariff Type ..... 92

# BoP - 3.6 Quality of Service

## Table 3.6.6 - Complaints - Technical Quality of Supply

## Table 3.6.6.1 - Technical Quality of Supply

### Compliance with the RIN Requirements

Ergon Energy has prepared the information provide in Template 3.6 Quality of Supply and Table 3.6.6 - Complaints - Technical Quality of Supply in accordance with the RIN requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the RIN.

Ergon Energy has populated all variables for cells shaded yellow as required by the RIN.

Under the current Annual Reporting RIN, Ergon Energy is only required to populate "Number of complaints - technical quality of supply" in table 3.6.6.1, with the reminder of Table 3.6.6 Complaints, greyed out and not for completion.

### Sources

Ergon Energy has sourced quality of service (QoS) enquiries data from the FeederStat application for the financial year 2020-21. This application is used for capturing all customer QoS enquiries along with the enquiry information and identified cause at close out.

### Methodology

Ergon Energy has reported the total number of Customer QoS enquiries as sourced from the applicable system stated above, Ergon Energy is not required to report on any disaggregation below the total number of Customer QoS enquiries.

### Assumptions

No assumptions were made.

### Estimated Information

Not applicable. Ergon Energy has provided actual information.

### Explanatory Notes

Not applicable.

## Table 3.6.7 - Customer Service Metrics

## Table 3.6.7.1 - Timely Provisions of Services

## Table 3.6.7.2 - Timely Repair of Faulty Street Lights

## Table 3.6.7.3 - Call Centre Performance

## Table 3.6.7.4 - Number of Customer Complaints

### Compliance with the RIN Requirements

Ergon Energy Network has prepared the information provide in Table 3.6.7 Customer Service Metrics in accordance with the RIN requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the RIN.

Ergon Energy Network has populated all variables for cells shaded yellow as required by the RIN.

Ergon Energy Network has not populated information in relation to Complaint - technical quality of supply (table 3.6.7.4) which historically has been greyed out and reflected the same count as per the entry in field 3.6.6.1.

In accordance with the AER's clarification of 23 February 2016, reporting in Table 3.6.7.2 Total Number of Streetlights has been reported as the total number of streetlights for which Ergon Energy has responsibility to maintain.

### Sources

***Table 3.6.7 - Customer Service Metrics***

Ergon Energy has sourced data from:

- Cherwell as the application capturing customer feedback (positive and negative)
- Ergon Energy maintains several systems regarding work request and work tracking through Ellipse (Work Requests and Work Orders) and the Field Force Automation device (FFA Tool) (PLUMS database used to capture the entire number of unmetered connections (i.e. Streetlights) that are owned and maintained by Ergon Energy and third parties.

***Table 3.6.7.1 - Timely Provisions of Services***

A SQL script was used to extract the data from PEACE consistent with the previous year.

***Table 3.6.7.2 - Timely Repair of Faulty Street Lights***

Ergon Energy has sourced data from:

- Cherwell as the application capturing customer feedback (positive and negative).
- Ergon Energy maintains several systems for work requests and work tracking through Ellipse (Work Requests and Work Orders) and the Field Force Automation device (FFA Tool)

(PLUMS database used to capture the entire number of unmetered connections (i.e. Streetlights) that are owned and maintained by Ergon Energy and third parties.

| ***3.6.7.3 Call Centre Performance*** | |
|---|---|
| Calls to call centre fault line | Cisco Unified Intelligence Centre (CUIC) |
| Calls to fault line answered within 30 seconds | CUIC |
| Calls to fault line - average waiting time before call answered | CUIC |
| Call centre - number of overload events | N/A |
| Percentage of calls abandoned | CUIC |

## Methodology

***Table 3.6.7.1 - Timely Provisions of Services***

In relation to *Number of connections made* and *Number of connections not made on or before agreed date* - data provided is as per that sourced from Peace via the Enterprise Data Warehouse (EDW) using an SQL query.

Peace is our market transaction and process tracking system that, in this case, stores the service request data. Numbers provided relate specifically to New Connection service requests. Those not made on the agreed date are defined as having a completion date after the obligation date.

The use of DMK213: Completed NC & AA Service Orders vs Internal SLA Report.

The report provides information on all Service Orders completed between nominated dates and includes information to enable management analyse performance with respect to Service Orders completed as a comparison:

- Against the "Revised Obligation End Date (NC/SSWNC & AA)" if the NC/SSWNC/AA PTJ subclass has Comparison Type in SLA Matrix (DMK619) of "SCHEDDATE"
- Against the Market Obligation End Date if Comparison Type in SLA Matrix (DMK619) is "OBLIGDATE".

Exceptions;

If there is a Customer agreed Appointment Date or an Obligation End Date changed with Reason of 'F2 Dates', 'Network Activity Reqd', 'Customer Agreed', 'Customer Requested', 'Natural Disaster', 'Further Documentation', 'Internal Appointment', 'Excluded Location', 'Dependency Other Request', 'Local Holiday', 'Traffic Permit' and this extends the SLA, then this date will be applied to SLA calculations.

***Table 3.6.7.2 - Timely Repair of Faulty Street Lights***

In relation to repair of faulty street lights, all Work Orders, Work Requests and Field Force Automation (FFA) jobs created in 2020-21 were collated and cross referenced. Work Orders and FFA jobs were cleansed where:

- Start dates were before 01-07-20
- End dates still open at time of report run
- Work Order not corrective streetlight maintenance
- Work Order for multiple/bulk repair/inspection
- Work Order cancelled
- Work Order duplicates existed.

Work Order Start dates were calculated and cleansed by using a preference of: Work Request Work Order - FFA Device as per the system processes.

Work Order End dates were calculated and cleansed by using a preference of FFA -Work Order - Work Request.

In relation to Street lights - average monthly number "out", the total count of cleansed corrective streetlight maintenance work orders is divided by 12.

In relation to Street lights - not repaired by "fix by" date, is a count of cleansed corrective streetlight maintenance work completed in greater than five days.

In relation to Street lights - average number of days to repair, the average days to complete of cleansed corrective streetlight maintenance work orders was calculated.

In relation to Total number of Streetlights - data is provided from the PLUMS database for the total count of Ergon Energy Owned & Operated and Gifted and Ergon Energy Operated streetlights at the end of 2020-21.

| *3.6.7.3 Call Centre Performance* | |
|---|---|
| Calls to call centre fault line is the total number of calls to call centre fault line to be reported:<br>• including any answered by an automated response service and terminated without being answered by human operator; and<br>• excluding missed calls where the call centre fault line is overloaded. | Data is sourced from Cisco Unified Intelligence Center (CUIC) which records all calls that are made to the Energex fault lines. |
| Calls to fault line answered within 30 second<br>• As per definition in STPIS guideline V2.0 November 2018<br>Telephone Answering<br>• Calls to the fault line answered in 30 seconds where the time to answer a call is measured form when the call enters the telephone system of the call centre (including that time when it may be ringing unanswered by any response) and the caller speaks with a human operator, but excluding the time that the caller is connected to an automated interactive service that provides substantive information. This measure does not apply to:<br>• calls to payment lines and automated interactive services;<br>• calls abandoned by the customer within 30 second of the call being queued for response by a human operator. Where the time in which a telephone call is abandoned is not measured, then an estimate of the number of calls abandoned within 30 seconds will be determined by taking 20 per cent of all calls abandoned. | Data is extracted from the telephony system through CUIC. There is a metric to show all calls that were answered or abandoned within 30 seconds. Calls to the automated lines were excluded from the count |
| Calls to fault line - average waiting time before call answered is the average time in seconds from when calls enter the system (including that time when a call may be ringing unanswered) and the caller speaks to a human operator or is connected to an interactive service that provides the information requested. | Data is extracted from CUIC. There is no measure to ascertain if a terminated call in the automated interactive service has been provided the information requested. Therefore, the average wait time was reported on calls that have been queued for answer by a human operator. |

| | |
|---|---|
| Call centre - number of overload events is the number of times that the call centre queuing system is inadequate to queue all incoming calls. | Data is not available in a report as human intervention generally would take place to 'avalanche' calls in queue. |
| Calls abandoned - percentage is (calls abandoned/calls to call centre fault line)* 100<br><br>Calls abandoned include all calls received and queued for a response by a human operator but are abandoned before being answered by the operator. This includes those calls abandoned prior to 30 seconds. | Data was extracted using CUIC. Queues aligned with those for the "calls to call centre fault line" metric. |

***Table 3.6.7.4 - Number of customer complaints:***

Ergon Energy has reported Customer Service complaints as sourced from the above stated systems, for the below categories of disaggregation:

- Complaint - reliability of supply
- Complaint - technical quality of supply
- Complaint - administrative process or customer service
- Complaint - connection or augmentation
- Complaint - other
- Total number of complaints.

For the purposes of reporting customer complaints at the dissemination required Ergon Energy has filtered on all negative complaints and has mapped the RIN categories from the existing Cherwell subcategories.

## Assumptions

No assumptions were made.

## Estimated Information

Not applicable. Ergon Energy has provided actual information.

## Explanatory Notes

### 3.6.7.3

2020-21 is the first year an overload event has been reported relating to a fire at the Callide Power Station on 25 May 2021, tripping multiple transmission lines which resulted in over 400,000 customers without power supply across Queensland. The volumes of calls received as a result of this event exceeded the licencing capacity of the Contact Centre Technology platform for customers to receive automated outage information, forcing customers to queue to speak directly to an agent. The number of customers waiting for their call to be answered exceed 700 resulting in a manual forced message to be given to customers and clearing the queues as the volumes exceed the capacity for available resources to appropriately manage.

**3.6.7.4**

There is a material shift across the 2020-21 complaint volumes against the categories. In September 2019 Energex and Ergon Energy Network standardised the categories they use across their two instances of Cherwell. This has allowed for more accurate capturing of categories of complaints and permitted a standardised approach to the AER category mapping. This has meant that the volume of complaints has significantly reduced in the 'other' category while increasing in 'administrative process or customer service' and 'connection or augmentation'. This reflects more accurate categorisation.

# BoP - 3.6.8 Network Feeders

## Table 3.6.8 - Network Feeder Reliability

### Compliance with the RIN Requirements

Ergon Energy has prepared the information provided in Template 3.6.8 Network Feeders, Table 3.6.8 - Network Feeder Reliability in accordance with the RIN requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the RIN and in accordance with Economic Benchmarking RIN instructions and definitions (November 2013).

Ergon Energy has populated all variables for cells shaded yellow as required by the RIN.

Ergon Energy has not populated information in relation to Momentary Feeder outages (MAIFI) which is greyed out and not applicable to it for the regulatory control period.

### Sources

Ergon Energy has sourced data from its internal outage management and asset management systems for the relevant regulatory year.

Consumption for the "Energy Not Supplied" was sourced from the Network billing system Peace.

The line length data set for sourced from the Ergon Geospatial Information System (Smallworld) and represents the network as it was configured at the end of the relevant regulatory year.

### Methodology

As relevant, Ergon Energy has also applied definitions and methodology as set out in the AER's Electricity DNSPs, STPIS (December 2018) and Economic Benchmarking RIN instructions and definitions (November 2013), which remains applicable to Ergon Energy for the current regulatory control period.

In order to obtain the information for the relevant regulatory year, Ergon Energy applied the following:

- Relevant Financial Year (Between 1 July and 30 June).
- Include all distribution feeders that experienced completed sustained (> 3min) unplanned and planned interruptions.
- A customer is defined as a premise having an assigned Active NMI with an Active Account. Customer numbers are held in the ECORP database.
- The totals of the two line length data in this Table 3.6.8 represents the Feeders Overhead and Underground line lengths as at the end of the regulatory year.

- An event caused by a customer's electrical installation, failure or request of that electrical installation which only affects supply to that customer is not deemed an interruption as defined, in STPIS 2018 Appendix A]. These following events have been confirmed through site inspection to have resulted from faults and failures within the customer's installation or request and as such are considered to be an event beyond the boundary of the electricity supply network and therefore handles as an exclusion from Ergon Energy reported reliability performance under the STPIS.

***Table 3.6.8 - Network Feeder Reliability***

**Feeder ID/Name** is the unique Feeder ID as sourced from the FDRSTAT asset data.

**Description of the service area for the feeder is as per the Geographical location** of Ergon Energy's supply areas that feeder resides in.

**Feeder classifications** are Urban (UR), Short Rural (SR) & Long Rural (LR) as per the definitions in Appendix A of the AER's Electricity DNSP's, STPIS (December 2018). Reporting is based on the feeder's classification the end of the regulatory year.

**Number of distribution customers** on a feeder is the total of customers connected at the end of the regulatory year (30 June). If the feeder was only active for a short period throughout the year the customers used where the total of customers connected to the feeder when the feeder became inactive in the regulatory year.

**Length of HV distribution lines [overhead]** contains the total length in km of Ergon Energy owned, as constructed, regulated overhead conductors for each feeder.

**Length of HV distribution lines [underground]** contains the total length in km of Ergon Energy owned, as constructed, regulated underground conductors for each feeder.

**Maximum demand** values on a distribution feeder during the regulatory year are provided in MVA. This is provided by Ergon Energy's System Development Group through the Current State Assessment report for distribution feeders.

**Energy Not Supplied MWh (unplanned and planned)** has been calculated using data reported for unplanned/planned customer minutes off supply (Mins) multiplied by the average consumption by feeder (in minutes) sourced from Peace.

This is in accordance with methodology Chapter 7. Table 7.2 approach three *"average consumption of customers on the feeder based on their billing history"* as defined in the Economic Benchmarking RIN instructions and definitions (November 2013) for energy not supplied, inclusive of the exclusions under clause 3.3(b) (Major Event Days) and exclusive of the exclusions in accordance with clauses 3.3(a) of the AER's STPIS scheme and exclusive of Customer Installation Faults/Failures which reside beyond the electricity supply network.

The calculations are based on current connectivity by feeder and not connectivity at the time of the outage. For some feeders that no longer active or have changed connectivity in the system ECORP the average consumption per minute over all feeders is used. The methodology adopted is irrespective of the time of day the outages occurred.

**Total number of unplanned outages** records the total number of completed sustained unplanned interruptions that occurred on that distribution feeder during the relevant regulatory year, inclusive of exclusions in accordance with clauses 3.3(a) & (b) of the AER's STPIS scheme.

**Unplanned customer minutes off-supply (SAIDI) (including excluded events and MEDs)** represents SAIDI calculated by the summated feeder unplanned customer minutes on the feeder for the year divided by the number of customers on the feeder for the relevant regulatory year, inclusive of all exclusions in accordance with clauses 3.3(a) & (b) of the AER's STPIS scheme and inclusive customer installation faults/failures which reside beyond the electricity supply network. .

**Unplanned customer minutes off-supply (SAIDI) (after removing excluded events and MED)** represents SAIDI calculated by the summated feeder unplanned customer minutes on the feeder for the year divided by the number of customers on the feeder for the relevant regulatory year, after removing all exclusions in accordance with clauses 3.3(a) & (b) of the AER's STPIS scheme and exclusive customer installation faults/failures which reside beyond the electricity supply network.

**Unplanned interruptions (SAIFI) (including excluded events and MEDs)** represents SAIFI calculated by the summated feeder unplanned customer interruptions on the feeder for the year divided by the number of customers on the feeder for the relevant regulatory year, inclusive of all exclusions in accordance with clauses 3.3(a) & (b) of the AER's STPIS scheme and inclusive customer installation faults/failures which reside beyond the electricity supply network. .

**Unplanned interruptions (SAIFI) (after removing excluded events and MEDs)** represents SAIFI calculated by the summated feeder unplanned customer interruptions on the feeder for the year divided by the number of customers on the feeder for the relevant regulatory year, after removing all exclusions in accordance with clauses 3.3(a) & (b) of the AER's STPIS scheme and exclusive customer installation faults/failures which reside beyond the electricity supply network. .

**Total number of planned outages** records the total number of completed sustained planned interruptions that occurred on the distribution feeder during the relevant regulatory year.

**Planned customer minutes off-supply (SAIDI) (including MEDs)** represents SAIDI calculated by the summated feeder planned customer minutes on the feeder for the year divided by the number of customers on the feeder for the relevant regulatory year, inclusive of STPIS exclusions in accordance with clauses 3.3(b) of the AER's STPIS scheme and inclusive customer installation faults/failures or requests which reside beyond the electricity supply network.

**Planned customer minutes off-supply (SAIDI) (after removing MED)** represents SAIDI calculated by the summated feeder planned customer minutes on the feeder for the year divided by the number of customers on the feeder for the relevant regulatory year, after removing STPIS exclusions in accordance with clauses 3.3(b) of the AER's STPIS scheme and inclusive customer installation faults/failures or requests which reside beyond the electricity supply network.

**Planned interruptions (SAIFI) (including MEDs)** represents SAIFI calculated by the summated feeder planned customer interruptions on the feeder for the year divided by the number of customers on the feeder for the relevant regulatory year, inclusive of STPIS exclusions in accordance with clauses 3.3(b) of the AER's STPIS scheme and inclusive customer installation faults/failures or requests which reside beyond the electricity supply network.

**Planned interruptions (SAIFI) (after removing MED)** represents SAIFI calculated by the summated planned feeder customer interruptions on the feeder for the year divided by the number of customers on the feeder for the relevant regulatory year, after removing STPIS exclusions in accordance with clauses 3.3(b) of the AER's STPIS scheme and inclusive customer installation faults/failures or requests which reside beyond the electricity supply network.

## Assumptions

No assumptions were made.

## Estimated Information

Ergon Energy has provided 'Actual Information' in relation to all Reliability statistics from the outage management system.

Ergon Energy has provided 'Estimated Consumption data Information', therefore the Energy not Supplied is an Estimate in Table 3.6.8 for the relevant regulatory year. Ergon Energy believes the estimate supplied is its best estimate based on the available information at the time.

Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.

## Explanatory Notes

Not applicable.

# BoP - 3.6.9 Network Reliability

## Table 3.6.9 - Network Reliability - Planned Outages

### Compliance with the RIN Requirements

Ergon Energy has prepared the information provided in Template 3.6.9 Network Reliability, Table 3.6.9.1 Planned Minutes of Supply (SAIDI) and Table 3.6.9.2 Planned Interruptions to Supply (SAIFI) in accordance with the RIN requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the RIN.

Ergon Energy has populated all variables for cells shaded yellow as required by the RIN.

Ergon Energy has not populated information in relation to CBD which is greyed out and not applicable to it for the regulatory control period.

### Sources

Ergon Energy has sourced data from its internal outage management and asset management systems for the relevant regulatory year.

### Methodology

***3.6.9 - Network Feeder Reliability - Planned Outages***

***3.6.9.1 - Planned Minutes Off Supply (SAIDI)***

SAIDI for each regulated feeder classification are calculated based on the following criteria:

- Relevant Financial Year (Between 1 July and 30 June)
- Completed planned sustained (> 3min) interruptions
- Feeder Classifications: Urban (UR), Short Rural (SR) & Long Rural (LR)
- SAIDI calculation - Customer minutes divided by average number of customers.

Inclusive of the STPIS exclusions in accordance with clauses 3.3(a) & (b) of the AER's STPIS scheme for Electricity DNSPs (December 2018) and inclusive customer installation faults/failures which reside beyond the electricity supply network.

***3.6.9.2 - Planned Interruptions Off Supply (SAIFI)***

SAIFI for each regulated feeder classification are calculated based on the following criteria:

- Relevant Financial Year (Between 1 July and 30 June)
- Completed planned sustained (> 3min) interruptions

- Feeder Classifications: Urban (UR), Short Rural (SR) & Long Rural (LR)
- SAIFI calculation - Customer interruptions divided by average number of customers.

Inclusive of the STPIS exclusions in accordance with clauses 3.3(a) & (b) of the AER's STPIS scheme for Electricity DNSPs (December 2018) and inclusive customer installation faults/failures which reside beyond the electricity supply network.

### Assumptions

No assumptions were made.

### Estimated Information

Ergon Energy has provided actual information in Table 3.6.9.1 and Table 3.6.9.2 for the relevant regulatory year.

Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.

### Explanatory Notes

Not applicable.

# BoP – 4.1 Public Lighting

## Table 4.1.4 Public Lighting Metrics by Tariff

### Compliance with the RIN Requirements

Table 1.1 below demonstrates how the information provided by Ergon Energy is consistent with each of the requirements specified by the AER.

**Table 1.1 Demonstration of Compliance**

| Requirements (instructions and definitions) | Consistency with requirements |
| --- | --- |
| There are no specific requirements in the Notice in relation to Template 4.1 Public Lighting Metrics by Tariff. | Not applicable. |

### Sources

Table 1.2 below demonstrates the sources from which Ergon Energy obtained the required information:

**Table 1.2 Data Sources**

| Variable | Source |
| --- | --- |
| The current population of lights by light tariff | Public Lighting Management database (PLUMS). |
| Total revenue for each Public Lighting tariff | Peace |

### Methodology

<u>Volumes</u>

Data was extracted from PLUMS database. Pivot tables were then developed from this extract to identify Public Lighting assets that were established in the database at the end of each regulatory year (financial year) for Ergon Energy Owned and Operated (former Rate 1) lights.

These pivot tables also included a breakdown by the light type classification.

It is assumed that the PLUMS data is an accurate record of actual assets.

<u>Revenue</u>

A report was extracted from both PEACE to generate all the data required. The Peace data extract includes invoice line items (EB_INV_ITEM) for street lights (SUB_CHARGE_SOURCE_CODE like 'ACS%') where the invoice date (INVOICE.DATE_R) is between 01/07/2020 and 30/06/2021.

SUB_CHARGE_SOURCE_CODE like 'ACS%' selects the following charges:

| | | | | | | |
|---|---|---|---|---|---|---|
| C | 9472 | X | Day | ACSLEDMA | 01/07/2021 | Street Light ACSLED-Major LED |
| C | 9394 | X | Day | ACSEOOMI | 01/07/2021 | Street Light ACSEOO-Minor |
| C | 9502 | X | Day | ACSSC | 01/07/2021 | Street Light ACS-No Charge LED |
| C | 9482 | X | Day | ACSGEOMAL | 01/07/2021 | Street Light ACSGEO-Major LED |
| C | 9484 | X | Day | ACSGEOMA | 01/07/2021 | Street Light ACSGEO-Major |
| C | 9384 | X | Day | ACSGEOMI | 01/07/2021 | Street Light ACSGEO-Minor |
| C | 9494 | X | Day | ACSEOOMA | 01/07/2021 | Street Light ACSEOO-Major |
| C | 9372 | X | Day | ACSLEDMI | 01/07/2021 | Street Light ACSLED-Minor LED |
| C | 9382 | X | Day | ACSGEOMIL | 01/07/2021 | Street Light ACSGEO-Minor LED |
| C | 9392 | X | Day | ACSEOOMI | 01/07/2021 | Street Light ACSEOO-Minor LED |
| C | 9492 | X | Day | ACSEOOMAL | 01/07/2021 | Street Light ACSEOO-Major LED |

SQL is below:

```
SELECT  xx.inv_item_code,
        xx.DESCR,
        SUM(xx.qty_charged) AS qty_charged,
        SUM(xx.total_amt)  AS total_amt
FROM    ( SELECT  ini.inv_item_code,
                  udesc.DESCR,
                  inv.debtornum,
                  MAX(ini.qty_charged)  AS qty_charged,
                  SUM(ini.amt_inv_item) AS total_amt
         FROM    energydb.eb_invoice   inv,
                  energydb.eb_inv_item  ini,
                  energydb.tm_unmet_desc udesc
         WHERE   ini.e_invnum         = inv.e_invnum
         AND     inv.date_r       BETWEEN '01-JUL-2020' AND '30-JUN-2021'
         AND     udesc.price_comp_code    = ini.inv_item_code
         AND     udesc.sub_chg_source_code LIKE 'ACS%'
```

```
AND      udesc.date_effective      = '01-JUL-2020'
GROUP BY ini.inv_item_code,
        udesc.DESCR,
        inv.debtornum ) xx
GROUP BY xx.inv_item_code,
      xx.DESCR
ORDER BY xx.inv_item_code
```

The following is a screenshot showing the end result. These results where then grouped into the appropriate tariffs being convention vs LED.

| INV_ITEM_CODE | DESCR | TOTAL_AMT |
|---|---|---|
| 9372 | Street Light ACSLED-Minor LED | $146.90 |
| 9382 | Street Light ACSGEO-Minor LED | $78,937.85 |
| 9384 | Street Light ACSGEO-Minor | $3,541,111.00 |
| 9392 | Street Light ACSEOO-Minor LED | $156,919.25 |
| 9394 | Street Light ACSEOO-Minor | $15,800,705.97 |
| 9484 | Street Light ACSGEO-Major | $2,027,943.67 |
| 9494 | Street Light ACSEOO-Major | $10,790,958.12 |

## Assumptions

Volumes

- Only Ergon Energy owned, operated and maintained public lighting tariffs have been provided.
  - Rate 1 Conventional Major
  - Rate 1 Conventional Minor
  - Rate 1 LED Minor
  - Rate 1 LED Major
  - Rate 2 Conventional Major
  - Rate 2 Conventional Minor
  - Rate 2 LED Minor
  - Rate 2 LED Major
  - Rate 4 LED Minor
  - Rate 4 LED Major.
- All Rate 3 public lights have been excluded on the basis that they are supplied, installed, owned and maintained by the Public Body.

Revenue

- All revenue is based on ACS Daily fixed charges. Energy charges have been excluded.

## Estimated Information

Ergon Energy has provided 'Actual Information' (as per the AER's defined term) in relation to all variables contained in table CA 4.1.4.

## Explanatory Notes

Not applicable.

# BoP - 6.2 STPIS Reliability

## Table 6.2.1 - Unplanned Minutes off Supply (SAIDI)

## Table 6.2.2 - Unplanned Interruptions to Supply (SAIFI)

## Table 6.2.4 - Distribution Customer Numbers

### Compliance with the RIN Requirements

Ergon Energy has prepared information provided in Template 6.2 table 6.2.1 unplanned minutes of supply (SAIDI), table 6.2.2 Unplanned Interruptions to Supply (SAIFI) and table 6.2.4 Distribution Customer Numbers for current year in accordance with the RIN requirement, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the RIN.

Ergon Energy has populated all variables for cells shaded yellow as required by the RIN.

Ergon Energy has not populated information in relation to CBD which is greyed out and not applicable to it for the regulatory control period.

Ergon Energy has not populated information in relation to CBD and all variables relating to "Average customer numbers", which are greyed out and not applicable to it under the RIN issued.

### Sources

Ergon Energy has sourced data from its internal outage management and asset management systems for the relevant regulatory year.

### Methodology

**Distribution Feeders** are classified as Urban (UR), Short Rural (SR) & Long Rural (LR) as per the definitions in Appendix A of the AER's Electricity Distribution Network Service Providers (DNSPs), Service Target Performance Incentive Scheme (STPIS) (December 2018). Reporting is based on the feeder's classification at the end of the relevant regulatory year as at 30 June.

- An event caused by a customer's electrical installation, failure or request of that electrical installation which only affects supply to that customer is not deemed an interruption as defined in STPIS 2018 [Appendix A]. These following events have been confirmed through site inspection to have resulted from faults and failures within the customer's installation or request and as such are considered to be an event beyond the boundary of the DNSP’s electricity supply network and therefore handles as an exclusion from Ergon Energy reported reliability performance under the STPIS.

**Exclusions** are applied in accordance with clauses 3.3(a) & (b) of the AER's STPIS scheme for Electricity DNSPs (December 2018), and excluding Customer Installation Faults/Failures which reside beyond the electricity supply network.

**Whole of Network** statistics (in the absence of specification) were assumed to encompass the summation of Urban (UR), Short Rural (SR) & Long Rural (LR) (customer minutes, customer interruptions and customer numbers).

***6.2.1 - Unplanned Minutes off Supply (SAIDI)***

***Total sustained minutes off supply***

SAIDI for each feeder classification are calculated based on the following criteria:

- Relevant Financial Year (Between 1 July and 30 June)
- Completed unplanned sustained (> 3 min) interruptions
- Feeder Classifications: UR, SR & LR
- Feeder Classification: Whole of network (summation of UR, SR & LR)
- SAIDI calculation - Customer minutes divided by average number of customers.

Inclusive of the exclusions in accordance with clauses 3.3(a) & (b) of the AER's STPIS scheme and Customer Installation Faults/Failures which reside beyond the electricity supply network.

***Total of excluded events*see 3.3 of STPIS***

SAIDI for each feeder classification based on the following criteria:

- Relevant Financial Year (Between 1 July and 30 June)
- Completed unplanned sustained (> 3 min) interruptions
- Feeder Classifications: UR, SR & LR
- Feeder Classification: Whole of network (summation of UR, SR & LR)
- SAIDI calculation - Customer minutes divided by average number of customers.

Summation of the exclusions in accordance with clauses 3.3(a) & (b) of the AER's STPIS scheme and Customer Installation Faults/Failures which reside beyond the electricity supply network.

***Total sustained minutes off supply after removing excluded events***

SAIDI for each feeder classification was calculated based on the following criteria:

- Relevant Financial Year (Between 1 July and 30 June)

- Completed unplanned sustained (> 3 min) interruptions
- Feeder Classifications: UR, SR & LR
- Feeder Classification: Whole of network (summation of UR, SR & LR)
- SAIDI calculation - Customer minutes divided by average number of customers.

Exclusive of the exclusions in accordance with clauses 3.3(a) & (b) of the AER's STPIS scheme and Customer Installation Faults/Failures which reside beyond the electricity supply network.

***Table 6.2.2 - Unplanned Interruptions to Supply (SAIFI) Total sustained interruptions***

SAIFI for each feeder classification are calculated based on the following criteria:

- Relevant Financial Year (Between 1 July and 30 June)
- Completed unplanned sustained (> 3 min) interruptions
- Feeder Classifications: UR, SR & LR
- Feeder Classification: Whole of network (summation of UR, SR & LR)
- SAIFI calculation - Customer interruptions divided by average number of customers.

Inclusive of the exclusions in accordance with clauses 3.3(a) & (b) of the AER's STPIS scheme and Customer Installation Faults/Failures which reside beyond the electricity supply network.

***Total of excluded events*see 3.3 of STPIS***

SAIFI for each feeder classification based on the following criteria:

- Relevant Financial Year (Between 1 July and 30 June)
- Completed unplanned sustained (> 3 min) interruptions
- Feeder Classifications: UR, SR & LR
- Feeder Classification: Whole of network (summation of UR, SR & LR)
- SAIFI calculation - Customer interruptions divided by average number of customers.

Summation of the exclusions in accordance with clauses 3.3(a) & (b) of the AER's STPIS scheme and Customer Installation Faults/Failures which reside beyond the electricity supply network.

***Total sustained interruptions off supply after removing excluded events***

SAIFI for each feeder classification was calculated based on the following criteria:

- Relevant Financial Year (Between 1 July and 30 June)

- Completed unplanned sustained (> 3 min) interruptions
- Feeder Classifications: UR, SR & LR
- Feeder Classification: Whole of network (summation of UR, SR & LR)
- SAIFI calculation - Customer interruptions divided by average number of customers.

Exclusive of the exclusions in accordance with clauses 3.3(a) & (b) of the AER's STPIS scheme and Customer Installation Faults/Failures which reside beyond the electricity supply network.

***Table 6.2.4 - Distribution Customer Numbers***

Customer numbers at the start of the reporting period is the number of Customers (by feeder), measured on the first day of the Relevant Regulatory Year.

Customer numbers at the end of the reporting period is the number of Customers (by feeder), measured on the last day of the Relevant Regulatory Year.

A Customer is a distribution customer with an active account and active National Metering Identifier (NMI) i.e. inactive accounts are excluded.

Note: the whole of network customer number represents the sum of the total numbers of the customers on all three feeder classifications (UR, SR and LR) for each of the start and end of the report period.

The (greyed out) number of distribution customers is calculated as the average of the number of customers at the beginning of the reporting period and the number of customers at the end of the reporting.

Furthermore, the (greyed out) calculated average number of distribution customers for whole of network is the average of the total numbers of customers on all three feeder classifications (UR, SR and LR) at the beginning of the reporting period (1 July) and the total number of customers at the end of the reporting period (30 June), rounded up to nearest whole number.

## Assumptions

No assumptions were made.

## Estimated Information

Ergon Energy has provided actual information in Table 6.2.1 for the relevant regulatory year. Where information is provided it is done so in accordance with the AER's definitions and in accordance with Clauses 3.3(a) & (b) of the AER's STPIS scheme for Electricity DNSP's (December 2018), and applying the assumptions and methodology that is described within this Basis of Preparation.

## Explanatory Notes

Not applicable.

# BoP - 6.6 Customer Service

## Table 6.6.1 - Telephone Answering

### Compliance with the RIN Requirements

Table 2.1 below demonstrates how the information provided by the Ergon Energy Network is consistent with each of the requirements specified by the AER.

**Table 2.1 Demonstration of Compliance**

| Requirements (instructions and definitions) | Consistency with requirements |
| --- | --- |
| As per definition in STPIS guideline November V2.0 2018:<br><br>***Telephone Answering***<br><br>Calls to the fault line answered in 30 seconds where the time to answer a call is measured form when the call enters the telephone system of the call centre (including that time when it may be ringing unanswered by any response) and the caller speaks with a human operator, but excluding the time that the caller is connected to an automated interactive service that provides substantive information. This measure does not apply to:<br><br>• calls to payment lines and automated interactive services;<br><br>• calls abandoned by the customer within 30 second of the call being queued for response by a human operator. Where the time in which a telephone call is abandoned is not measured, then an estimate of the number of calls abandoned within 30 seconds will be determined by taking 20 per cent of all calls abandoned. | Using a custom report in CUIC, data is filtered to ensure that only calls to the Loss of Supply and Emergency lines that have been queued for a human operator are extracted. The data is split into daily intervals to comply with removal of excluded events as per STPIS requirements. |

### Sources

Table 2.2 specifies the sources from which Ergon Network obtained the required information:

**Table 2.2 Data Sources**

| Variable | Source |
| --- | --- |
| Telephone Answering | Cisco Unified Intelligence Center (CUIC) |

## Methodology

As per the assumptions below, calls that are made to Ergon Network are recorded at certain intervals as the call transitions between the automated IVR and queueing for answer by a human operator. The call data is recorded by the Cisco system managed jointly by Optus and Energy Queensland. This data is extracted using the Cisco Unified Intelligence Centre, a web-based application.

A pre-existing report was utilised in CUIC to report on the measures required for STPIS/RIN. These reports were run, and the data extracted to provide the figures required. In addition, throughout the year, the Customer Performance team tracks our performance against STPIS daily. The extracted data is cross-checked against this for validation.

Excluded events including Major Events Days (MEDs) for STPIS are confirmed by and obtained from the Network Performance & Reporting team.

## Assumptions

Ergon Energy Network has several phone numbers including a Loss of Supply line, Emergency line and General Enquiry line. Ergon Energy Network assumes a Fault call is a call made to either the Loss of Supply or Emergency lines. The Loss of Supply and Emergency lines use an IVR which has the capability to automatically identify the location of a caller (where Ergon Energy Network recognises the number through Call Line Identification- CLI) and to provide specific outage advice to those callers. This automated IVR information positively satisfies a large proportion of the callers to the Loss of Supply line. Calls that proceed through the IVR are subsequently recorded at various stages, such as when they are answered and when the call ends. This allows collection of data such as average wait time and volume of calls answered within 30 seconds.

## Estimated Information

Ergon Energy Network has provided 'Actual Information' (as per the AER's defined term) in relation to all variables contained in this Template.

## Explanatory Notes

No changes in methodology between 2019-20 and 2020-21. Telephone answering information has been prepared in accordance with the AER’s amended STPIS 2.0, November 2018, effective 1 July 2020.

## Table 6.6.2 – Inadequately Served Customers

### Compliance with the RIN Requirements

Ergon Network has prepared the information provided in Template 6.6 STPIS Customer Service, Table 6.6.2 Inadequately Served Customers in accordance with the RIN requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the RIN.

Ergon Network has populated all variables for cells shaded yellow as required by the RIN.

Ergon Energy has applied the AER's clarification received on 25 August 2020 which states that where there is no historical data to produce the three-year averages, the following methods should be applied:

- for the first two years, distributors report the actual numbers (rather than a three-year average). Alternatively, if back-casting of data under the new three-minute threshold for sustained outage is possible, a distributor may choose to report the three-year rolling average.
- From the third year onwards distributors report three-year rolling averages.

### Sources

Ergon Energy has sourced data from its internal outage management (FDRSTAT) and asset management systems for the relevant regulatory year.

### Methodology

As relevant, Ergon Energy has also applied definitions and methodology as set out in the AER's Electricity DNSPs, STPIS (December 2018) and Economic Benchmarking RIN instructions and definitions (November 2013), which remains applicable to Ergon Energy for the current regulatory control period.

In order to obtain the information for the relevant regulatory year, Ergon Energy applied the following:

- Relevant Financial Year (Between 1 July and 30 June)
- Only completed unplanned sustained (> 3 min) interruptions are included.
- Feeders with the feeder classification of Urban (UR), Short Rural (SR) & Long Rural (LR) as per the definitions in Appendix A of the AER's Electricity DNSP's, STPIS (December 2018)
- Feeder customers is the total of customers connected at the end of the regulatory year (30 June). If the feeder was only active for a short period throughout the year the customers used where the total of customers connected to the feeder when the feeder became inactive in the regulatory year.

- Exclusive of an event caused by a customer's electrical installation, failure or request of that electrical installation which only affects supply to that customer is not deemed an interruption as defined, in STPIS 2018 Appendix A]. These following events have been confirmed through site inspection to have resulted from faults and failures within the customer's installation or request and as such are considered to be an event beyond the boundary of the electricity supply network and therefore handles as an exclusion from Ergon Energy reported reliability performance under the STPIS.
- Feeder SAIDI is calculated by the summated feeder unplanned customer minutes on the feeder for the year divided by the number of customers on the feeder for the relevant regulatory year, after removing all exclusions in accordance with clauses 3.3(a) & (b) of the AER's STPIS scheme and exclusive customer installation faults/failures which reside beyond the electricity supply network.
- Feeder SAIFI is calculated by the summated feeder unplanned customers interrupted on the feeder for the year divided by the number of customers on the feeder for the relevant regulatory year, after removing all exclusions in accordance with clauses 3.3(a) & (b) of the AER's STPIS scheme and exclusive customer installation faults/failures which reside beyond the electricity supply network.

***Table 6.6.2 - Inadequately Served Customers***

**A - SAIDI Values**

**Threshold SAIDI value for inadequately served customers –** The Threshold for inadequately served customers = greater than 4 times the Network average for unplanned SAIDI on a three-year rolling average basis compared with a network average customer. (Network Average is the Whole of Network SAIDI (UR, SR, LR)). Calculated using the EB 3.6 RIN data DQS0106 (SAIDI). e.g. Average(DQS0106) * 4

**Average unplanned SAIDI of inadequately served customers** is the average Feeder SAIDI for all the Feeders that exceeded the Threshold SAIDI.

**Highest unplanned SAIDI of inadequately served customers** represents the Highest Feeder SAIDI.

**B - SAIFI Values**

**Average unplanned SAIFI of inadequately served customers** is the average Feeder SAIFI for all the Feeders that exceeded the Threshold SAIDI.

**Highest unplanned SAIFI of inadequately served customers** represents the Highest Feeder SAIFI.

**C - TOP 5 FEEDERS WITH MOST INADEQUATELY SERVED CUSTOMERS**

**SAIDI Values** represents the Feeder ID and Feeder SAIDI value for Top 5 feeders with the highest Feeder SAIDI that exceeded the Threshold SAIDI.

**SAIFI Values** represents the Feeder ID and Feeder SAIFI value for Top 5 feeders with the highest Feeder SAIDI that exceeded the Threshold SAIDI.

**NUMBER OF INADQUATELY SERVED CUSTOMERS** represents the Feeder ID and Feeder customers for Top 5 feeders with the highest Feeder SAIDI that exceeded the Threshold SAIDI.

## Assumptions

No assumptions were made.

## Estimated Information

Ergon Energy has provided 'Actual Information' in relation to all Reliability statistics from the outage management system.

## Explanatory Notes

Not applicable.

# BoP - 6.7 STPIS Daily Performance

## Table 6.7.1 - Daily Performance Data - Unplanned

### Compliance with the RIN Requirements

Table 3.1 below demonstrates how the information provided by Ergon Energy is consistent with each of the requirements specified by the AER.

#### Table 3.1 Demonstration of Compliance

| Requirements (instructions and definitions) | Consistency with requirements |
| --- | --- |
| The excluded events to be removed from the data refer only to events listed in clause 3.3(a) of the STPIS, with respect to reliability data, and in clause 5.4 of the STPIS with respect to customer service parameters.<br><br>Customer service information must be reported as per the definitions in the STPIS, that is excluding:<br><br>• calls to payment lines and automated interactive services<br><br>• calls abandoned by the customer within 30 seconds of the call being queued for response by a human operator (where the time in which a telephone call is abandoned is not measured, then an estimate of the number of calls abandoned within 30 seconds will be determined by taking 20 per cent of all calls abandoned). | Using several reports in CUIC, relevant data is extracted for the fault lines that have been queued for a human operator. |

### Sources

Table 3.2 below demonstrates the sources from which Ergon Energy obtained the required information:

#### Table 3.2 Data Sources

| Variable | Source |
| --- | --- |
| Telephony Data | Cisco Unified Intelligence Center (CUIC) |

### Methodology

As per the assumptions below, calls that are made to Ergon Energy are recorded at certain intervals as the call transitions between the automated IVR and queueing for answer by a human operator. The call data is recorded by the Cisco system managed jointly by Optus and Energy Queensland. This data is extracted using the Cisco Unified Intelligence Centre, a web based application.

A pre-existing report was utilised in CUIC to report on the measures required for STPIS/RIN. These reports were run and the data extracted to provide the figures required. In addition, throughout the year, the Customer Performance team tracks our performance against STPIS on a daily basis. The extracted data is cross-checked against this for validation.

Excluded events including Major Events Days (MEDs) for STPIS are confirmed by and obtained from the Network Performance & Reporting team.

### Assumptions

Ergon Energy has a number of phone numbers including a Loss of Supply line, Emergency line and General Enquiry line. Ergon Energy assumes a Fault call is a call made to either the Loss of Supply or Emergency lines. The Loss of Supply and Emergency lines use an IVR which has the capability to automatically identify the location of a caller (where Ergon Energy recognises the number through Call Line Identification- CLI) and to provide specific outage advice to those callers. This automated IVR information positively satisfies a large proportion of the callers to the Loss of Supply line. Calls that proceed through the IVR are subsequently recorded at various stages, such as when they are answered and when the call ends. This allows collection of data such as average wait time and volume of calls answered within 30 seconds.

### Estimated Information

Ergon Energy has provided 'Actual Information' (as per the AER's defined term) in relation to all variables contained in this Template.

### Explanatory Notes

No changes in methodology between 2019-20 and 2020-21.

# BoP - 6.8 STPIS Exclusions

## Table 6.8.1 – STPIS Exclusions

### Compliance with the RIN Requirements

Ergon Energy has prepared information provided in Template 6.8 table 6.8.1 STPIS Exclusions in accordance with the RIN requirements, including the Principles and Requirements set out in Appendix B (template), Appendix A and definitions in Appendix F to the RIN.

Ergon Energy has also applied the AER's clarification received on 18 March 2021 that the number of interruptions to be reported in column G of the Excel template is the number of customer interruptions (i.e. the number of customers impacted by interruptions).

Ergon Energy has populated all variables for cells shaded yellow as required by the RIN.

### Sources

The data used to populate Table 6.8 has been sourced from outage event records within Ergon Energy's Outage Management System (FDRSTAT).

### Methodology

Data is to be in accordance with clauses 3.3(a), *Service Target Performance Incentive Scheme* (December 2018), including Customer Installation Faults/Failures which reside beyond the electricity supply network. STPIS Exclusions requires Ergon Energy to enter details of all exclusions for the relevant regulatory year.

In order to obtain the information for the relevant regulatory year, Ergon Energy applied the following:

- Relevant Financial Year (Between 1 July and 30 June)
- Completed unplanned sustained (> 3 min) interruptions
- Feeder Classifications: UR, SR & LR
- Inclusive of events caused by a customer's electrical installation, failure or request of that electrical installation which only affects supply to that customer is not deemed an interruption as defined in STPIS 2018 [Appendix A]. These following events have been confirmed through site inspection to have resulted from faults and failures within the customer's installation or request and as such are considered to be an event beyond the boundary of the DNSP's electricity supply network and therefore handles as an exclusion from Ergon Energy reported reliability performance under the STPIS.

**Date of event** records the date that the outage event commenced

**Outage ID** records the Outage Event Unique Identifier of the event.

**Feeder ID/Name** records the Feeders asset ID interrupted.

**Feeder classification** are Urban (UR), Short Rural (SR) & Long Rural (LR) as per the definitions in Appendix A of the AER's Electricity DNSP's, STPIS (December 2018).

**Cause of Event** category as provided by the AER in the RIN.

**Unplanned Number of Interruptions** represents the Number of Customers Interrupted on a Feeder affected within the Interruption. One outage could be interrupting supply across multiple feeders and Feeder Categories.

**Unplanned Duration of Interruption** records the minutes from the commencement of the feeder within the outage event. Duration between when First Customer that lost supply on a feeder and when last customer is restored on a feeder.

**Total unplanned minutes off supply** represents the contribution to an individual feeder's unplanned customer minutes by an outage event.

**Event category** referring to the exclusion ID number in accordance with clauses 3.3(a), *Service Target Performance Incentive Scheme* (December 2018).

**Effect on unplanned MAIFI by feeder classification** not required.

**Please provide separate explanation to confirm the outage was not due to inadequate transmission connection planning** records the detailed exclusion in accordance with clauses 3.3(a), *Service Target Performance Incentive Scheme* (December 2018).

## Assumptions

No assumptions were made.

## Estimated Information

Ergon Energy has provided 'Actual Information' (as per the AER's defined term) in relation to all variables contained in this Template.

## Explanatory Notes

Not applicable.

# BoP - 6.9 STPIS GSL

## Table 6.9.1 - Guaranteed Service Levels - Jurisdictional GSL Scheme

### Compliance with the RIN Requirements

Ergon Network has prepared information provided in Template 6.9 STPIS GSL, Table 6.9.1 Guaranteed Service Levels - Jurisdictional GSL Scheme in accordance with the RIN requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the RIN.

Ergon Network has not populated information in relation to Guaranteed Service Levels - AER GSL Scheme which is greyed out and not applicable to if for the regulatory control period.

Where GSL parameters that do not fit within the provided sub-tables provided, headings have been entered and the relevant parameter(s) identified.

### Sources

Ergon Energy Network has sourced data from Cherwell for the financial year 2020-21.

DMK530 GSL Report: Claims Periodic Reporting.

### Methodology

Data presented to the AER in meeting requirements of Template 6.9.1 Guaranteed Service Levels - Jurisdictional GSL Scheme have been presented in accordance with Queensland Electricity Distribution Network Code (EDNC) requirements and definitions unless otherwise stipulated under the AERs RIN issued.

Both numbers for Volumes and Value of Jurisdictional GSL are directly related to the count and sum of payments as identified and recorded as approved in the respective GSL system (Cherwell).

Report Used: DMK530 GSL Report: Claims Period Reporting. The Report was run on the date paid of GSL.

The report was run for the Financial Year 2020-21

- ALL GSL PAID - Shows count of Claims and $ values for claims paid grouped by GSL Type
- CUST GSL PAID - Shows count of Claims and $ values for claims paid grouped by GSL Type for Customer Initiated Claims
- CUST REJ - Shows the total number of claims received (based on date reported) and rejected (based on date rejected) grouped by GSL Type for Customer Initiated Claims
- DETAILS - Shows claims details where any of the dates are within the selected date range

DATES USED IN THIS REPORT

- Date Reported - Date first recorded in Cherwell i.e. when we first heard about the Claim and the GSL PTJ start date.
- Date Occurred - Date the actual breach occurred.
- Date Accepted - Date Cherwell investigators accepted the claim as valid and payable.
- Date Paid - Date the extract from Cherwell to Ellipse was produced to settle the claim.
- Date Rejected - Date the Cherwell Investigator rejected the claim.
- Validation of Data

Reconciled GSL Payments with Ellipse and Cherwell.

Where conflicting information has been identified in the report, manual checks of the Cherwell system has taken place to verify whether payment has been made. As a result of this, there can be cases whereby a GSL status may indicate it has not been paid (e.g. Withdrawn) however both the Date Paid and Actual Amount Paid are populated; in these cases the GSL is likely to have been paid and verification has taken place to ensure data is true and correct. Comments are supplied where there is a validation performed and a change made.

## Assumptions

No assumptions were made.

## Estimated Information

Ergon Energy has provided actual information in Table 6.9.1 for the 2020-21 Regulatory Year.

Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.

## Explanatory Notes

Ergon Energy complies with version 4 of the Electricity Distribution Network Code which took effect on 1 July 2020. Version 4 implemented changes to the GSL scheme arising from the QCA's review, completed in 2019, of the scheme.

# BoP - 7.8 Avoided TUOS Payments

## Table 7.8.1 - Avoided TUOS Payments

### Compliance with the RIN Requirements

Ergon Energy has prepared the information provided in Template 7.8 Avoided TUOS Payments, Table 7.8.1 Avoided TUOS payments in accordance with the RIN requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the RIN.

Ergon Energy has populated all variables for cells shaded yellow as required by the RIN, with amounts represented as $0's, nominal.

### Sources

Ergon Energy has sourced a list of invoices from retailers from the Market Transaction Centre.

### Methodology

The methodology used in calculating the avoided cost payments is described in the Information Guide for Standard Control Services Pricing. The payments are calculated by the Market Transaction Centre using the process which is described below.

Ergon Energy confirms that in accordance with RIN requirements Avoided TUOS payments are taken to be payments made by Ergon Energy in accordance with clause 5.5(h) of the National Electricity Rules (NER).

Avoided TUOS expense is based on the list of invoices from retailers for the 2020-21 regulatory year.

**Embedded Generators**

Embedded generator (EG) is taken to have the meaning given in the NER.

Furthermore, clause 5.5(h) of the NER requires Distribution Network Service Providers (DNSPs) to calculate "avoided charges for the locational component of prescribed TUOS services", and clause 5.5(i) requires DNSPs to calculate the amount to be passed through to an EG. This is done by:

- Determining the charges for the locational component of prescribed TUOS services that would have been payable by the DNSP for the relevant financial year "if the EG had not injected any energy at its connection point during that financial year"; and
- Determining "the amount by which the charges calculated in subparagraph (1) exceed the amount for the locational component of prescribed TUOS services actually payable by the DNSP, which amount will be the relevant amount for the purposes of paragraph (h) [clause 5.5(h)]".

Avoided TUOS payments are made by Ergon Energy to EGs who have sought access to Ergon Energy's distribution network under clause 5.5 of the NER and who are registered as a Generator Rules Participant.

Also refer to the supplementary attachment for Revenues, for a further breakdown of DUOS and TUOS.

**Market network service providers**

Market Network Service Provider is taken to have the meaning given in the NER.

A Network Service Provider who has classified any of its network services as a market network service in accordance with Chapter 2 and who is also registered by AEMO as a Market Network Service Provider under Chapter 2.

**Other (avoided TUOS payment)**

Other (avoided TUOS payment) are any avoided TUOS payment made by a person that is not an EG or Market Network Service Provider.

Ergon Energy has nil other (avoided TUOS payment) to report.

## Assumptions

No assumptions were made.

## Estimated Information

Ergon Energy has provided actual information in Table 7.8.1 for the 2020-21 regulatory year.

Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.

## Explanatory Notes

Not applicable.

# BoP - 7.10 Juris Scheme

## Table 7.10.1 - Jurisdictional Scheme Payments

### Compliance with the RIN Requirements

Ergon Energy has prepared the information provided in Template 7.10 Jurisdictional Schemes, Table 7.10.1 Jurisdictional Scheme Payments in accordance with the RIN requirements, including the Principles and Requirements set out in Appendix A and Definitions in Appendix F to the RIN.

Ergon Energy has populated all variables for cells shaded yellow as required by the RIN.

Jurisdictional Scheme Payments are payments Ergon Energy is obliged to pay under an approved Jurisdictional Scheme, which has the meaning given in clause 6.18.7A(d) of the National Electricity Rules (NER).

Total Scheme Payments are reported in $0's, nominal.

### Sources

Ergon Energy has extracted data from the EIP Model FIC3018: SAP GL Transactions (Regulatory) for the Solar Feed-in-tariff (FiT) Bonus Scheme and the Electricity Industry levy.

Ergon Energy has sourced data from PEACE for the credits provided to the isolated network in relation to the solar bonus scheme.

### Methodology

Jurisdictional schemes relevant to Ergon Energy are programs implemented by state governments that place legislative obligations on DNSPs.

Ergon Energy's annual Pricing Proposal sets out how jurisdictional scheme amounts (i.e. the amount(s) we are obligated to pay under the scheme) for each approved jurisdictional scheme are to be passed on to customers and any adjustments to tariffs resulting from the over or under recovery of those amounts. Clause 6.18.2(b)(6B) of the NER also requires our Pricing Proposal to describe how each approved jurisdictional scheme that has been amended since the last jurisdictional scheme approval date meets the jurisdictional scheme eligibility criteria.

Current Jurisdictional Schemes relevant to Ergon Energy are:

- schemes set out explicitly under clause 6.18.7A(e) of the NER. For Queensland, this currently includes the Solar Bonus Scheme, which obligates Ergon Energy to pay a FiT for energy supplied into our distribution network from specific micro-embedded generators (PVs). Ergon Energy became subject to the Solar Bonus Scheme on 21 May 2015 (i.e. the date we submitted our 2015-16 Pricing Proposal to the AER). Since that time, the jurisdictional scheme has not been amended; and

- schemes determined by the AER to be jurisdictional schemes under clause 6.18.7A(l) of the NER. For Queensland, this currently includes the energy industry levy. Ergon Energy is obligated under our Distribution Authority to pay a proportion of the Queensland Government's funding commitments for the AEMC in relation to this levy. Ergon Energy became subject to this Jurisdictional Scheme when it was approved by the AER on 22 April 2016. There have been no changes since this approval date.

***Description of Cost Recovery Method***

Attachment 13 Control mechanisms of the AER's final distribution determination sets out the requirements Ergon Energy must comply with under clause 6.18.7A of the NER. Specifically, Ergon Energy must:

- earn jurisdictional scheme revenue amounts in the year it incurs those amounts; and
- is expected to achieve a closing balance as close to zero as practicable in its jurisdictional scheme amount unders and overs account in each forecast year in its annual pricing proposals in the 2020–25 regulatory control period
- refer Table 13.3 Example calculation in Attachment 13.

For the 2020-21 regulatory year, this method is outlined in section 3.3.3 of our approved 2020-21 Pricing Proposal.

Ergon received jurisdictional revenue from network tariffs in 2020-21.

As part of our 2020-21 annual Pricing Proposal, we will apply a true-up to account for any difference between our actual 2020-21 jurisdictional scheme revenue and our actual 2020-21 jurisdictional scheme payments (for both the FIT and the energy industry levy). On 31 May 2017 Ergon Energy received a Ministerial direction not to pass to customers any feed-in tariff jurisdictional scheme amounts not recovered between 1 July 2017 and 30 June 2020.

***Total Scheme Payments***

As relevant to Template 7.10, Jurisdictional Scheme payments have been reported on an accruals basis in accordance with Australian Accounting Standards.

The Payment amounts reported are amounts Ergon Energy is required to pay under the Jurisdictional Scheme obligations to:

- pay to a person;
- pay into a fund established under an Act of a participating jurisdiction;

- credit against charges payable by a person;
- reimburse a person; less any amounts recovered by Ergon Energy from any person in respect of those amounts other than under the NER.

All values for the jurisdictional scheme have been extracted from SAP. The amounts for the isolated solar bonus were extracted from PEACE.

Full year values have been extracted for the Solar Bonus Scheme and the Inter-Company Solar Bonus. The full year statutory amounts for these elements have been prepared on an unbilled basis.

The Electricity Industry levy was extracted from SAP. The levy is one payment for the year and is therefore presented on a billed basis.

***Isolated Network adjustment to the annual Solar Bonus Scheme amount***

A report (DMK535) was run on PEACE data to identify the solar bonus credits processed between 1 July 2020 and 30 June 2021 for NMIs on the isolated network. The following filters were entered into this report:

- feeder class ERGIS (this filter restricts the data to NMIs on the isolated network)
- Network Tariff Codes of NVG* and GVG* (These tariff codes are used for embedded generation. The symbol * is used to pick up all variations of the NVG tariff code: eg NVG0, NVGC0, NVGX0, NVG1, NVGC1, NVGX1, NVG2, NVGC2, NVGX2)
- sub charge source description of Network DUOS Volume Charge (this filter restricts the data to the volume charges relating to the previously listed tariff codes).

The unfiltered (DMK534) report shows the dollar credits and the associated energy exported and used for all NMIs.

- The PEACE credits and energy exported shown in the report were then summed to give annual totals
- The full year Solar Bonus Scheme value was reduced by the annual total for the Isolated Network Adjustment.

## Assumptions

No assumptions were made.

## Estimated Information

Ergon Energy has provided actual information in Table 7.10.1 for the 2020-21 regulatory year.

Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.

## Explanatory Notes

Not applicable.

# BoP - 7.11 Demand Management Incentive Scheme

## Table 7.11.1 - DMIS - Projects Submitted for Approval

### Compliance with the RIN Requirements

The Demand Management Incentive Scheme applying to Ergon Energy as set out in the 2020-25 Distribution Determination.

Eligible and Committed projects have been identified and are detailed in the Ergon Energy Demand Management Incentive Scheme Annual Report 2020-21.

Template 7.11.1 - Demand Management Incentive Scheme for 2020-21 has been completed outlining the DMIS projects submitted for approval as part of Schedule 1.

### Sources

Report AR RIN 7.11.1 DMIS-Projects Submitted for Approval.

### Methodology

The information provided in Table 7.11.1 DMIS is operational expenditure and relevant net benefit of AER approved committed projects for 2020-21. Operating and capital expenditure (direct cost) for each project is obtained from Report AR RIN 7.11.1 DMIS-Projects Submitted for Approval. For DMIS, each project can be identified by a project name that has a DMIS prefix.

### Assumptions

No assumptions were made.

### Estimated Information

Ergon Energy has provided 'Actual Information' (as per the AER's defined term) in relation to all variables contained in this Template.

### Explanatory Notes

Not applicable.

## Table 7.11.2 – DMIAM - Projects Submitted for Approval

### Compliance with the RIN Requirements

The AER approved the current DMIAM allowance of $1.1 million per annum for the 2020-25 regulatory period.

The actual spend for DMIA projects in 2020-21 did exceed the annual allowance. This was to absorb underspend for the whole 2015-20 regulatory period due to slower than expected expenditure on committed projects.

Template 7.11.2 - Demand Management Innovation Allowance Mechanism for 2020-21 has been completed outlining the DMIAM projects submitted for approval as part of Schedule 1.

### Sources

Report AR RIN 7.11.2 DMIAM-Projects Submitted for Approval.

### Methodology

The information provided in Table 7.11.2, contains DMIAM projects submitted for approval and is consistent with what is reported in Schedule 1 of the RIN. Operating and capital expenditure (direct cost) for each project is obtained from Report AR RIN 7.11.2 DMIAM-Projects Submitted for Approval. For DMIAM, each project can be identified by its unique DMIAM prefix.

### Assumptions

No assumptions were made.

### Estimated Information

Ergon Energy has provided 'Actual Information' (as per the AER's defined term) in relation to all variables contained in this Template.

### Explanatory Notes

Not applicable.

# BoP - 8.1 Income

## Table 8.1.1 - Income Statement

## Table 8.1.1.1 - Revenue

## Table 8.1.1.2 - Expenditure

## Table 8.1.1.3 - Profit

### Compliance with the RIN Requirements

Ergon Energy has prepared the information provided in Template 8.1 Income, Table 8.1.1.1 Revenue, Table 8.1.1.2 Expenditure and Table 8.1.1.3 Profit in accordance with the RIN requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the RIN.

All disclosures have been reconciled to the FIR3021 Statutory Trial Balance.

Ergon Energy has populated all variables for cells shaded yellow as required by the RIN.

Also of note, the item "Pass through revenue (F-factor)" is not applicable to Ergon Energy.

Ergon Energy has not populated information in relation to Negotiated Services which is greyed out and not applicable during the regulatory control period.

### Sources

Ergon Energy has sourced data from the SAP Regulatory Model (FIC3018), on the Enterprise Intelligence Platform (EIP) to comply with the AER approved Cost Allocation Method (CAM).

### Methodology

**REVENUE**

The Statutory Column in the AR RIN Income Statement reconciles with the FIR3021 Trial Balance.

**Distribution Revenue**

Distribution Revenue is Revenue earned from the provision of SCS; ACS and excludes capital contributions. Ergon Energy does not have negotiated services to consider in this calculation.

Revenue is measured at the fair value of the consideration received or receivable. As a network service provider, Ergon Energy receives Distribution Use of System (DUOS) income.

As per AASB 15 Revenue from Contracts with Customers, the Economic Entity is using accrual accounting for unbilled network charges.

Values have been extracted from SAP for the statutory amounts, and the other values are from the SAP Regulatory Model (FIC3018).

Within the audited statutory accounts column, the revenue recognised is inclusive of revenue from regulated and unregulated services. The statutory accounts have been prepared on an unbilled basis in 2020-21. The adjustments column consists of:

- Unregulated revenue (identified by the SAP Functional areas);
- DUOS cross boundary revenue.

This calculation enables the SCS distribution revenue to be presented on an unbilled basis.

The ACS revenue is obtained from a combination of SAP account codes and Functional areas in the general ledger. ACS revenue includes Streetlight revenue and Metering services revenue. The ACS revenue is reported on an accrual basis.

**Cross Boundary Revenue**

Cross boundary revenue is the inter-Distribution Network Service Provider (DNSP) revenue which is revenue from another DNSP for using Ergon Energy distribution network.

DUOS & TUOS revenue received from Essential Energy for 33kV and 66kV lines, based on metered data for 2020-21. The adjustments column consists of:

- DUOS cross boundary revenue
- TUOS cross boundary revenue
- Jurisdictional cross boundary revenue.

Cross boundary revenue is from billing information.

**Contributions**

Capital contributions (contribution) is cash or in-kind contributions to capital expenditure (capex) projects and gifted assets.

Contributions relate to revenue in accordance with Ergon Energy's Connections Policy for SCS, and Contributions received for the delivery of ACS (such as Large Customer Connections and Real Estate Developments).

Cash capital contributions are received from small customers for subdivisions and other small customer initiated capital works (CICW) and gifted assets relate to Urban subdivisions and Commercial and Industrial customers.

Contributions for ACS are identifiable by separate codes within Ergon Energy's general ledger.

The adjustment between the Audited Statutory Accounts and the Regulated Distribution business relates to contributions received from unregulated sources, including the isolated networks.

**Interest income**

Ergon Energy has retained a Working Capital Facility account, although no interest is earned on this account. Interest is earned on its CBA transactional bank account.

In accordance with Ergon Energy's 2020-25 Final Distribution Determination - Attachment 12 (Classification of Services) interest revenue is not a direct control service, therefore it has been reported in the Adjustments column.

**Jurisdictional scheme amounts**

Ergon Energy has two approved Jurisdictional Schemes being the Feed-in Tariff, and the Electricity Industry Levy (refer to Section 10 BOP - 7.10 Jurisdictional Scheme).

The Jurisdictional scheme amount relating to the Feed-in Tariff forecast recovery has been extracted from SAP using codes for Jurisdictional Scheme Use of System Charge, and Intercompany Use of System Jurisdictional Scheme.

The full year statutory amount for the jurisdictional revenue has been prepared on an unbilled basis.

The adjustments column consists of cross boundary jurisdictional revenue.

The jurisdictional cross boundary revenue adjustment is from billing information.

**Profit from sale of fixed assets**

The disposal of an item of Property, Plant & Equipment (PP&E) may occur in a variety of ways (e.g. by sale or scrapping at the end of its useful life).

In accordance with Ergon Energy's 2020-25 Final Distribution Determination, Attachment 12 (Classification of Services) the sale of inventory, asset or scrap is a non-distribution service that is unregulated. Therefore, the profit on sale of fixed assets has been reported in the Adjustments column (as an unregulated service) as it does not meet the definition for Service Segments (SCS, ACS, and Negotiated Services).

The figure reported in the statutory accounts is the amount of proceeds that exceeds the carrying amount of the item.

**TUOS revenue**

All values for TUOS revenue have been extracted from SAP, using the codes for TUOS Revenue, and Inter-Company TUOS Revenue The statutory accounts for TUOS revenue have been prepared on an unbilled basis in 2020-21. The adjustments column consists of:

Unregulated revenue (relating to the use of the 220kV Network);

- TUOS cross boundary revenue;
- The TUOS cross boundary revenue adjustment is from billing information.

**Pass through revenue (F-factor)**

This category is not applicable to Ergon Energy (it is a Victorian specific factor). This is not a row in the 2020-21 income statement template, and Ergon Energy has no data to report.

**Recoverable works revenue**

All values for recoverable works revenue have been extracted from SAP, using the codes for recoverable works revenue.

The statutory amount is the recoveries from emergency repairs.

The adjustments column consists of a reversal of the recoveries from emergency repairs and transferred into expenditure.

**Other Revenue**

The values in other revenue are from a range of Inter-Company transactions, and a variety of receipts. The majority of other revenue is from unregulated activities.

The adjustments column consists of:

- Unregulated revenue from the Isolated network,
- Unregulated revenue from Powerlink for construction and maintenance; and
- Other minor unregulated revenue.

None of the Other revenue is classed as a SCS. The remainder is ACS revenue. The ACS revenue is categorised across service classifications according to their classification in the SAP general ledger.

**<u>EXPENDITURE</u>**

**TUOS expenditure**

TUOS costs are Transmission charges to be paid to transmission network service providers.

TUOS expense was obtained from an examination of the charges levied upon Ergon Energy and those passed on to retailers. TUOS expense is presented on an accrual basis from information in the General Ledger.

The adjustments column consists of:

- Cross Boundary charges (Energex);
- Non-Regulated charges (use of 220kV network)

The AER's Final Distribution Determination also requires Ergon Energy to maintain a TUOS unders and overs account, and to submit a record of all transmission related payment to the AER as part of its Annual Pricing Proposal

**Avoided TUOS expenditure**

Avoided TUOS payments are the payments by Ergon Energy in accordance with clause 5.5 (h) of the National Electricity Rules (NER).

Avoided TUOS expense is based on the list of invoices from retailers for the 2020-21 regulatory year.

The adjustments column consists of:

- Prior years avoided TUOS payments;
- Prior years accrual reversals;
- Current year accrual;
- An amount related to demand management for Barcaldine.

These payments agree to those Avoided Transmission Use of System Payments provided in Template 7.8 Avoided TUOS Payments (refer to Section 9 BOP - 7.8 Avoided TUOS Payments).

**Cross boundary expenditure**

Ergon Energy notes that the definition for 'Cross Boundary Charges', is the cost of using another DNSP's distribution network therefore Ergon Energy has included costs of using Energex's distribution network and costs for use of Ergon Energy's unregulated 220kV network. This is because under its Final Distribution Determination, Ergon Energy is allowed to pass through charges it incurs for use of Ergon Energy's unregulated 220kV network as a Designated Pricing Proposal Charge or 'TUOS' charge.

**Depreciation**

The Statutory approach for calculating depreciation has been used on a straight line basis by reference to the useful life of each item of PP&E, other than freehold land and easements which are not depreciated. An assessment of useful lives is performed annually. Statutory amounts are from SAP.

The audited statutory accounts column includes depreciation and amortisation for Ergon Energy. It consists of amortisation of intangible assets such as computer software, licenses and customer contracts and relationships, and depreciation for supply systems, power stations, buildings, and other plant and equipment, as well as impairment of non PP&E assets.

For the distribution business depreciation is based on asset values from the Regulated Asset Base (RAB). The amounts are the nominal forecast regulatory depreciation from the roll forward model.

The adjustments column relates to depreciation and amortisation of Ergon Energy's unregulated power station assets comprising isolated generation and distribution systems, and other unregulated assets.

**Finance charges**

The statutory column is mostly a Capitalised Interest credit.

Following the transfer of ownership of Ergon and Energex from the state to Energy Queensland Limited (EQL) on the 30 June 2016, transfers of debt for both DNSPs were made in order to comply with the Government Owned Corporations Regulation 2016 (Regulation).

The share of the State Government debt pool held by the DNSPs prior to the formation of the group was a liability held by each DNSP. In accordance with the Regulation, all DNSP debt (Queensland Treasury Corporation Loans) was transferred back to the Government debt pool. It was then transferred to the parent entity (EQL) at the carrying amount, such that: A share of Queensland debt is held in the EQL parent entity. Importantly, no debt raising costs were incurred by the DNSPs during 2020-21. However, debt raising costs have been allocated from EQL to the DNSPs in 2020-21. Debt raising costs are included as part of the operating expenses. No debt was raised or refinanced at the DNSP level.

Finance charges do not include any interest expense for long term debt or finance charges in 2020-21.

Interest expense is not classified as a distribution service in accordance with Attachment 12 Classification of services June 2020.

The adjustments column consists of:

- Finance Lease Interest Charge
- Capitalised Interest.

**Impairment losses**

In accordance with Appendix A (Principles & Requirements) to the RIN any revaluations or adjustments for impairment made in the Audited Statutory Accounts must be recorded in the adjustments column in the Financial Information Templates.

Impairment losses in the Audited Statutory Accounts are a special non-recurring charge taken to write down an asset with an overstated book value.

There is an impairment loss in 2020-21.

**Jurisdictional scheme amounts**

Ergon Energy has two approved Jurisdictional Schemes being the Feed-in Tariff, and the Electricity Industry Levy (refer to Section 10 BOP - 7.10 Jurisdictional Scheme).

The Feed-in Tariff expenses have been extracted from SAP. Full year values have been extracted for the Solar Bonus Scheme and the Inter-Company Solar Bonus. The full year statutory amounts for these elements have been prepared on an unbilled basis.

The Electricity Industry levy was extracted from Ellipse using a specific Ellipse code. The levy is one payment for the year and is presented on a billed basis.

Amounts are fully recoverable via charges to customers under SCS services.

In the annual statutory accounts, the feed-in tariff is classified as Statutory expenditure. The Electricity Industry levy was classified as Other expenditure. Therefore, the statutory value for Jurisdictional expenditure is the value of the feed-in-tariff.

The adjustment column consists of:

- Electricity Industry levy
- Exclusion of Isolated Solar NMI.

**Loss from sale of fixed assets**

In accordance with Ergon Energy's 2020-25 Final Distribution Determination, Attachment 12 (Classification of Services) the sale of inventory, asset or scrap is a non-distribution service that is unregulated. Therefore, the loss on sale of fixed assets has been reported in the Adjustments column (as an unregulated service) as it does not meet the definition for Service Segments (SCS, ACS, and Negotiated Services).

The disposal of an item of PP&E may occur in a variety of ways (e.g. by sale or scrapping at the end of its useful life).

**Maintenance expenditure**

Maintenance expenditure are those expenditures which are directly and specifically attributable to Maintenance that are not capex.

The Ergon Energy general ledger records maintenance costs in a series of codes that differentiate between SCS, ACS and unregulated based on the services they provide in accordance with the AER's Final Distribution Determination and the NER.

The identification of maintenance costs is performed by mapping these codes into their appropriate RIN reporting category.

**Operating expenditure excluding maintenance expenditure**

The Ergon Energy general ledger records operating costs in a series of codes that differentiate between SCS, ACS and unregulated based on the services they provide in accordance with the AER FDD and the NER.

**Recoverable works**

All values for recoverable works expenditure have been extracted from SAP, using the codes for recoverable works expenditure.

The statutory column is all recoverable works expenditure.

The adjustments column is the recoveries from emergency repairs transferred from revenue.

The standard control services amount is the net amount from the statutory expenditure amount, and the incoming adjustment from revenue.

**Other**

The adjustment relates to unclassified costs of operating isolated and unregulated assets and "Not Proceeding Network Initiated Capital Works".

**PROFIT**

Profit before tax is calculated (total revenue less, total expenses).

Income tax expenses (/benefit) is calculated as 30.15% of profit before tax, for each Service Segment based on the services they provide in accordance with the AER FDD and the NER.

Profit after tax is calculated (Profit before tax, less Income tax expenses (/benefit)).

## Assumptions

No assumptions were made.

## Estimated Information

Ergon Energy has provided actual information in Table 8.1.1.1, Table 8.1.1.2 and Table 8.1.1.3 for the 2020-21 regulatory year.

Where information is provided it is done so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.

## Explanatory Notes

From 2020-21, Ergon Energy commenced reporting ‘regulatory forecast depreciation’ for the Distribution Business in Template 8.1 Income Statement to comply with the AER’s application for depreciation in the RAB roll forward as noted in Ergon Energy’s Final Distribution Determination Attachment 2 Regulatory Asset Base. Regulatory depreciation is based on depreciation schedules (straight-line) using forecast capex at the asset class level approved for the 2020-25 regulatory control period. In prior years, Ergon Energy reported a subset of ‘statutory actual depreciation’ for the distribution business. On 9 October 2021, the AER accepted this proposed approach change and provided the following comments in an email:

- The AR RIN does not define depreciation, or include detailed instructions relating to the completion of Template 8.1 Income Statement. As such, there is some discretion allowed in interpretation, and critically any discretion applied must be documented in the basis of preparation.
- Given the discretion allowed under the AR RIN your proposed reporting of depreciation in Template 8.1 Income Statement is reasonable. It also appears to be consistent with data requested for our profitability measures work, and that consistency between the two data sets can simply our analysis.

# BoP - 8.2 CAPEX

## Table 8.2.1 - CAPEX by Purpose - Standard Control Services

### Compliance with the RIN Requirements

Ergon Energy has reported expenditure in table 8.2.1 inclusive of all type 1 SCS and ACS capital contributions (excluding public lighting) per RIN requirements and all type 2 SCS capital contributions (of which Ergon has none). Table 8.2.2 requires Ergon Energy to provide an explanation of the main drivers for material differences between forecast and actual expenditure for SCS that are identified in Table 8.2.1.

Differences are calculated in Table 8.2.1 - Capex by Purpose for all SCS categories presented.

Determination of whether differences are material aligns to the defined term 'Materiality' in paragraph 5 of the accounting standard AASB 108 as per the definition in Appendix F to the RIN. Generally, any material differences are those which are greater than 10% (between AER approved forecasts (adjusted for the impact of actual inflation outcomes) and Ergon Energy's reported actual amount).

Where the difference between forecast and actual expenditure shown in table 8.2.1 is a Material Difference the main factors driving the difference are entered in Table 8.2.2 Capex by Purpose - Material Difference Explanation.

Schedule 1 Para 1.5-1.8 also requires Ergon Energy to identify each difference (where the difference is equal to or greater than ±10 per cent) between the amount reported in the Financial Information Templates and the amount provided for in the 2020-25 Distribution Determination for the following:

- Total actual capex and total forecast capex
- Explain the reasons for each difference identified.

### Sources

**Expenditure**

Capex is recorded by Ergon Energy as either Direct Purchases, or Project costs.

Direct purchases relate to the purchase of a complete non-network asset from an outside supplier such as motor vehicles or computers, whereas a construction asset (primarily distribution assets) is treated as project costs. From 2020-21, non-network assets are treated as a shared EQL resource and costs are recorded at the consolidated level and allocated to entities and services in accordance with the 2020-25 CAM.

The “FIN084 Capex spend” report was extracted from the FIC3013 Ellipse Regulatory model (ie Ellipse adjusted for regulatory differences). This report extracts the capex spend data and draws in project details from the Ellipse Project Accounting module to provide one comprehensive summary of capex spend by purpose, asset class and voltage as described below.

Where the Project has been capitalised, Business Property Unit codes (BPU) are recorded against the Project to assign the asset category for capitalisation. A mapping process is undertaken to identify the AER asset category. This process also identifies unregulated capex to be excluded.

Where the Project remains under construction and is yet to be capitalised, the types of assets under construction are ascertained using a number of methodologies, including extracting project information from Ellipse, data reports provided by the Improvement Processing and Reporting (IPR) team, applying mappings based on GL activity and utilising data from similar project types or prior year allocations.

Once the information is extracted, the mapping tables are applied to convert the type of assets into the RIN asset categories per below methodologies and assumptions.

## Methodology

**Expenditure**

Ergon Energy has reported forecast and actual Financial Information for SCS capex by purpose, in categories specified by the AER's final 2020-25 Distribution Determination.

Ergon Energy has reported expenditure in table 8.2.1 <u>inclusive</u> of all type 1 SCS and ACS capital contributions (excluding public lighting) per RIN requirements. Capital contributions are reported in the "Customer connections capex" line of the table, inclusive of the type 1 ACS contributions transferred into the SCS table in accordance with the AER requirements in order to factor in the tax allowance on the revenue calculated under the AER’s building block model.

Ergon Energy has removed any sharing of assets in the delivery of ACS from SCS reported expenditure to meet with the definition of capex in Appendix F to the RIN.

***Capex - Actual***

Ergon Energy makes the below comments in relation to the process undertaken to report actual capex by Categories:

***Non-network***

Non-network capex is pooled at the EQL consolidated level and allocated to Entities and services based on the 2020-25 CAM. This achieves the required reduction of SCS assets for the shared component in recognition of the use of non-network assets in the delivery of ACS and other services.

It should be noted that ICT services were previously provided by a related third party (“Sparq Solutions”) and an asset service fee and operational charge was treated as an operating cost in

Energex/Ergon Energy. This cost formed part of the general overhead pool which was allocated to the program of work under the CAM applicable at that time. From 2020-21, organisational changes have resulted in ICT services being provided in-house and the capital and operating costs are now allocated under the 2020-25 CAM. As a result, there are no related party ICT costs reported, the actual ICT capex has been included in the respective RAB's and operating costs will be recorded in opex or overheads as applicable and allocated based on the CAM.

The allocation of non-network capex between SCS, ACS (excluding metering – this is recognised in opex) and Unregulated is reflected in the general ledger each month.

***Capitalised overheads***

The FIN084 Capex report separately identifies shared costs that have been charged via the overhead allocation process in accordance with the CAM, by specific general ledger codes for network and non-network overhead allocations. The numbers shown against the category 'Capitalised Overheads' are a summary of these overhead costs.

***Capital Contributions***

Total capital contributions reported in table 8.2.1 agrees to the amount reported in table 8.2.5(A) (this is the total SCS and ACS type 1 contributions in accordance with the AER requirements).

***Capex by Voltage levels***

Ergon Energy has assigned capex to subtransmission, High Voltage (HV), Low Voltage (LV), and other in accordance with CA RIN definitions in the absence of AR RIN definitions and to ensure alignment in reporting between RIN's. This information is provided in the FIN084 capex report summarised by each GL activity code.

Capex has been categorised into Substransmission, HV, LV and other using the following logic:

- Subtransmission: where the nominal voltage is above 33kV, or transforms any voltage to levels above 33kV
- High Voltage: where the nominal voltage is at or below 33 kV and above 11 kV, or distribute electricity at voltage levels between the sub transmission and LV sections of the network
- Low Voltage: A line that is not a substransmission line or a HV feeder or an overhead service wire or an underground service cable.
- Other: all capex which does not fit into the voltage categories above.

The dissection by voltage class is prepared by reference to the Asset Register asset class which gives the voltage of each distribution or subtransmission asset. These are appropriately summarised and used to populate the relevant table.

Deriving the voltages by mapping the asset class is possible for those projects with BPUs and those built into the FIN084 report where project splits have been provided and mapped accordingly. Those remaining without a BPU are split through either one of the 2 steps below:

- All street lighting, metering and non-network ('C3000', 'C3050', 'C3100', 'C3150', 'C3200', 'C3250', 'C3400', 'C3450') capex is reported as other voltage
- Those remaining without a BPU and not under one of the above activity codes are split by applying the same proportions as those projects already allocated to asset classes for the relevant activity code linked to that project.

The second step in the process outlined above is consistent with the methodology applied in the previous year.

Capital contributions are allocated to voltage levels by applying the weighted average of the proportions of SCS and ACS connections used in tables 8.2.1 and 8.2.3. This methodology is considered appropriate given the adjustment made to transfer ACS capital contributions to be reported as SCS in accordance with the requirements and definitions specified by the AER.

***Other adjustments***

The movement in provisions by asset class is drawn from the calculations performed for the Economic Benchmarking RIN which identifies the capex component for each movement, excluding the movement relating to the discounting impact of the provision where applicable. The total of these movements is then pro-rated across the various asset classes.

***Capex - CPI adjusted Forecast***

Ergon Energy has used the forecasts contained in its 2020-25 Distribution Determination, adjusted for the impact of actual inflation outcomes to be in the same dollar terms as the actual data reported.

In accordance with the Final Decision, the CPI applied is for the six-month period to December 2020 to obtain the December 2020 dollars Weighted Average of Eight Capital Cities as per the Australian Bureau of Statistics. Thereafter the CPI inflation rate will be an annual inflation rate for December to December for the remainder of the regulatory control period.

**Related Party Margin**

'*Related Party Margin Expenditure*' comprises only profit margins or management fees paid directly or indirectly to related party contractors (not including actual incurred expenses of the related party contractor) for the regulatory reporting period.

Ergon Energy does not have any profit margins or management fees paid directly or indirectly for related party contracts to report.

## Assumptions

### Voltage split

The voltages for projects with a BPU were derived by mapping the asset classes to the applicable voltage category for those assets.

For all augmentation, replacement and connections projects without a BPU (or an estimated BPU provided by supporting workings), voltages were derived by applying the same proportions as those calculated on projects with a BPU summarised at the GL activity level.

This was considered appropriate given the nature of these capital projects and additional validation was undertaken on these assumptions.

## Estimated Information

Ergon Energy has provided actual information in Template 8.2 for the current regulatory year.

Where information is provided Ergon Energy does so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.

## Explanatory Notes

Not applicable.

## Table 8.2.2 - CAPEX by Purpose - Material Difference Explanation

### Compliance with the RIN Requirements

Not applicable, please refer to table AR 8.2.2 for explanation of variance.

### Sources

AR RIN table 8.2.1.

### Methodology

Not applicable.

### Assumptions

Not applicable.

### Estimated Information

**Expenditure**

Ergon Energy has provided actual information in Template 8.2 for the current regulatory year.

Where information is provided Ergon Energy does so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.

### Explanatory Notes

Not applicable.

## Table 8.2.3 - CAPEX Other

### Compliance with the RIN Requirements

Ergon Energy has prepared the information provided in Template 8.2 Capex in accordance with the RIN requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the RIN.

Ergon Energy has populated all variables for cells shaded yellow as required by the RIN.

Ergon Energy has reported expenditure in table 8.2.3 inclusive of all capital contributions (type 1 and type 2) per RIN requirements.

### Sources

The “FIN084 Capex spend” report was extracted from the FIC3013 Ellipse Regulatory model (ie Ellipse adjusted for regulatory differences). This report extracts the Capex spend data and draws in project details from the Ellipse Project Accounting module to provide one comprehensive summary of capex spend by purpose, asset class and voltage.

Where the Project has been capitalised, Business Property Unit codes (BPU) are recorded against the Project to assign the asset category for capitalisation. A mapping process is undertaken to identify the AER asset category. This process also identifies unregulated Capex to be excluded.

Where the Project remains under construction and is yet to be capitalised, the types of assets under construction are ascertained using a number of methodologies, including extracting project information from Ellipse, data reports provided by the Improvement Processing and Reporting (IPR) team, applying assumptions based on GL activity and utilising data from similar project types or prior year allocations.

Once the information is extracted, the mapping tables are applied to convert the type of assets into the RIN asset categories per below methodologies and assumptions.

### Methodology

**Expenditure**

Table 8.2.3 requires Ergon Energy to report actual and forecast capex that provides ACS.

The capex categories for ACS are pre-populated in Table 8.2.3 (Other Capex).

Ergon Energy has reported expenditure in table 8.2.3 inclusive of all capital contributions per RIN requirements.

***Capex - Actual***

Ergon Energy makes the below comments in relation to the process undertaken to report actual Capex by the categories for ACS as pre-populated in Table 8.2.3 (Other Capex).

Ergon Energy has reported forecast and actual Financial Information for ACS Capex in categories specified by the AER's final 2020-25 Distribution Determination.

***Public Lighting, Connection Services, Metering Services and Ancillary Network Services***

Data for these ACS services is extracted in the same manner described above under the Capex heading within the Methodology and Assumption Section for table 8.2.1 - Capex by Purpose - Standard Control Services with further filters applied to activity codes to obtain the relevant ACS service category.

***Negotiated Services***

Ergon Energy does not have any services classified as Negotiated for the current regulatory control period.

***Non-network allocation***

Non-network capex is pooled at the EQL consolidated level and allocated to Entities and services based on the 2020-25 CAM. In recognition of the use of non-network assets in the delivery of ACS and other services, an amount has been included in each of the ACS categories above.

***Capex by Voltage levels***

Ergon Energy has assigned capex to subtransmission, HV, LV, and other in accordance with CA RIN definitions in the absence of AR RIN definitions and to ensure alignment in reporting between RIN's. This information is provided in the FIN084 capex report summarised for each activity code.

Capex has been categorised into Substransmission, HV, LV and other using the following logic:

- Subtransmission: where the nominal voltage is above 33kV, or transforms any voltage to levels above 33kV
- High Voltage: where the nominal voltage is at or below 33 kV and above 1 kV, or distribute electricity at voltage levels between the sub transmission and LV sections of the network
- Low Voltage: A line that is not a substransmission line or a HV feeder or an overhead service wire or an underground service cable.
- Other: all capex which does not fit into the voltage categories above.

The dissection by voltage class is prepared by reference to the Asset Register asset class which gives the voltage of each distribution or subtransmission asset. These are appropriately summarised and used to populate the relevant table.

Deriving the voltages by mapping the asset class is possible for those projects with BPUs and those built into the FIN084 report where project splits have been provided and mapped accordingly. Those remaining without a BPU are split through either one of the 2 steps below:

- All street lighting, metering and non-network ('C3000', 'C3050', 'C3100', 'C3150', 'C3200', 'C3250', 'C3400', 'C3450') capex is reported as other voltage
- Those remaining without a BPU and not under one of the above activity codes are split by applying the same proportions as those projects with BPU's for the relevant activity code linked to that project.

Capital contributions are allocated to voltage levels by applying the weighted average of the proportions for SCS and ACS connections used in tables 8.2.1 and 8.2.3.

***Capex - Forecast***

Ergon Energy has used the forecasts contained in its 2020-25 Distribution Determination, adjusted for the impact of actual inflation outcomes to be in the same dollar terms as the actual data reported.

In accordance with the Final Decision, the CPI applied is for the six-month period to December 2020 to obtain the December 2020 dollars Weighted Average of Eight Capital Cities as per the Australian Bureau of Statistics. Thereafter the CPI inflation rate will be an annual inflation rate for December to December for the remainder of the regulatory control period.

**Related Party Margin Expenditure**

'Related Party Margin Expenditure' comprises only profit margins or management fees paid directly or indirectly to related party contractors (not including actual incurred expenses of the related party contractor) for the regulatory reporting period.

Ergon Energy does not have any profit margins or management fees paid directly or indirectly for related party contracts to report.

## Assumptions

### Voltage splits

The voltages for projects with a BPU were derived by mapping the asset classes to the applicable voltage category for those assets.

For all augmentation, replacement and connections projects without a BPU, voltages were derived by applying the same proportions as those calculated on projects with a BPU summarised at the GL activity level.

This was considered appropriate given the nature of these capital projects and additional validation was undertaken on these assumptions.

## Estimated Information

Ergon Energy has provided actual information in Template 8.2 for the current regulatory year.

Where information is provided Ergon Energy does so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.

## Explanatory Notes

Not applicable.

## Table 8.2.4 - CAPEX by Asset Class

### Compliance with the RIN Requirements

Ergon Energy has prepared the information provided in Template 8.2 Capex in accordance with the RIN requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the RIN.

Ergon Energy has populated all variables for cells shaded yellow as required by the RIN.

### Sources

The “FIN084 Capex spend” report was extracted from the FIC3013 Ellipse Regulatory model (ie Ellipse adjusted for regulatory differences). This report extracts the Capex spend data and draws in project details from the Ellipse Project Accounting module to provide one comprehensive summary of capex spend by purpose, asset class and voltage as described below.

### Methodology

Table 8.2.4 (Capex by Asset Class) requires Ergon Energy to report forecast and actual Financial Information for SCS Capex using categories which align with those set out in Ergon Energy's Post Tax Revenue Model and Roll Forward Model issued with the 2020-25 Distribution Determination as per definitions provided in Appendix F to the RIN.

Further, the AER requires reporting for Movements in provisions allocated to as-incurred capex by asset class in order to adjust capex reported in the RAB in the Economic Benchmarking RIN Template 3.3 (Assets).

Ergon Energy has reported expenditure in table 8.2.4 inclusive of all type 1 capital contributions per RIN requirements (ie tables 8.2.1, 8.2.3, 8.2.4 and 8.2.5 include capital contributions). The capital contributions for each asset class are also reported in table 8.2.5. Refer to section below which provides methodology for allocating capital contributions to asset class.

Finally, to meet with the definition of capex in Appendix F to the RIN, Ergon Energy is required to remove any sharing of assets in the delivery of ACS. From this regulatory period, non-network capex is pooled at the EQL consolidated level and allocated to Entities and services based on the 2020-25 CAM. This achieves the required reduction of SCS assets for the shared component in recognition of the use of non-network assets in the delivery of ACS and other services.

***Capex - Asset Class***

Ergon Energy's asset classes are specified in the Roll Forward Model and Post-tax Revenue Model as part of the 2020-25 Distribution Determination.

***Capex - Actual***

Capex by asset class is provided in the FIN084 Capex report.

***Capex - Forecast***

Ergon Energy has used the forecasts contained in its 2020-25 Distribution Determination, adjusted for the impact of actual inflation outcomes to be in the same dollar terms as the actual data reported.

In accordance with the Final Decision, the CPI applied is for the six-month period to December 2020 to obtain the December 2020 dollars Weighted Average of Eight Capital Cities as per the Australian Bureau of Statistics. Thereafter the CPI inflation rate will be an annual inflation rate for December to December for the remainder of the regulatory control period.

***Movements in provisions allocated to as-incurred capex by asset class***

The movement in provisions is calculated in the Economic Benchmarking RIN Template 3.2.3 Provisions including the amount that relates to capex. This total amount is pro-rated across the asset classes.

## Assumptions

No assumptions were made.

## Estimated Information

Ergon Energy has provided actual information in Template 8.2 for the current regulatory year.

Where information is provided Ergon Energy does so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.

## Explanatory Notes

Not applicable.

## Table 8.2.5 - Capital Contributions by Asset Class

### Compliance with the RIN Requirements

Ergon Energy has prepared the information provided in Template 8.2 Capex in accordance with the RIN requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the RIN.

Ergon Energy has populated all variables for cells shaded yellow as required by the RIN.

Table 8.2.5(A) must include SCS capital contributions in relation to connections assets and is disaggregated into type 1 and type 2 contributions. Note that this also includes the type 1 ACS connection contributions as these meet the requirements for inclusion in the RAB.

Table 8.2.5(B) must include ACS capital contributions and is disaggregated into type 1 and type 2 contributions.

Asset categories in Tables 8.2.5(A): Capital Contributions by Asset Class will be automatically populated as they are linked to Table 8.2.4: Capex by Asset Class.

### Sources

Capital contributions are made up of customer contributions towards connection projects constructed by Ergon Energy (type 1) and connection assets constructed by a third party and gifted to Ergon Energy (type 2). Only type 1 capital contributions have been included in table A in accordance with RIN requirements. The type 2 capital contributions of connection assets and all other ACS contributions have been included in table B.

This information was sourced from the FIC3018 SAP Regulatory model (ie SAP adjusted for regulatory differences) with reference the relevant GL revenue account codes. Once the information is extracted, the assets are categorised into the appropriate RIN asset categories per below methodologies and assumptions.

### Methodology

Ergon Energy has reported expenditure in table 8.2.5(A) inclusive of all type 1 SCS and ACS capital contributions towards connection assets per RIN requirements. Table 8.2.5(B) is inclusive of all other type 1 and type 2 ACS capital contributions.

Ergon Energy confirms Capital Contributions are treated in accordance with the method approved in the 2020-25 Distribution Determination.

#### ***Capital Contributions - Actual***

Actual Capital Contributions are not recorded against specific asset categories in the Ellipse general ledger. Therefore, an apportionment process has been applied to report against asset categories. This is based on the percentage split of asset categories for CICW (customer initiated capital works) expenditure from the Ellipse Project Accounting module.

#### ***Capital Contributions - Forecast***

Ergon Energy has used the forecasts contained in its 2020-25 Distribution Determination, adjusted for the impact of actual inflation outcomes to be in the same dollar terms as the actual data reported.

## Assumptions

No assumptions were made.

## Estimated Information

Ergon Energy has provided actual information in Template 8.2 for the current regulatory year.

Where information is provided Ergon Energy does so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.

## Explanatory Notes

Not applicable.

# Table 8.2.6 - Disposals by Asset Class

## Compliance with the RIN Requirements

Ergon Energy has prepared the information provided in Template 8.2 Capex in accordance with the RIN requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the RIN.

Ergon Energy has populated all variables for cells shaded yellow as required by the RIN.

Asset categories in Table 8.2.6: Disposals by Asset Class will automatically populate as they are linked to Table 8.2.4: Capex by Asset Class.

## Sources

Information for the disposals by asset class template is sourced from the Ellipse Asset Retirements report.

The retirements by fixed asset register asset class are mapped to the RIN asset categories per below methodologies and assumptions.

## Methodology

Ergon Energy has reported expenditure in table 8.2.6 exclusive of all capital contributions per RIN requirements.

### *Disposals - Actual*

The financial values for actual disposals are required to be reported based on a gross proceeds from the sale of assets basis as per definitions provided in Appendix F to the RIN.

The Ergon Energy fixed assets register records and reports the value of asset disposals as well as any proceeds received. This reporting is by the asset categories used in the asset register, these are mapped to the AER reporting categories using the mapping table used for the preparation of other AER templates requiring a similar dissection.

### *Disposals - Forecast*

Ergon Energy has sourced financial values for forecasts from the Post Tax Revenue Model issued with the 2020-25 Distribution Determination, adjusted for the impact of actual inflation.

Actual Inflation applied is consistent with Ergon Energy's annual Pricing Proposal obtained from the ABS for the Weighted Average of 8 capital cities Dec - Dec period.

## Assumptions

No assumptions were made.

## Estimated Information

Ergon Energy has provided actual information in Template 8.2 for the current regulatory year.

Where information is provided Ergon Energy does so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.

## Explanatory Notes

Not applicable.

## Table 8.2.7 – Immediate Expensing of CAPEX

### Compliance with the RIN Requirements

Ergon Energy has prepared the information provided in Template 8.2 Capex in accordance with the RIN requirements, including the Principles and Requirements set out in Appendix A and definitions in Appendix F to the RIN.

Ergon Energy has populated all variables for cells shaded yellow as required by the RIN.

Ergon Energy has entered information in Table 8.2.7 for each Asset Class specified in 2020-25 distribution determination as listed in the AER's final decision in its Roll Forward Model and Post - tax Revenue Model.

### Sources

**Expenditure**

Capex is recorded by Ergon Energy as either Direct Purchases, or Project costs.

Direct purchases relate to the purchase of a complete non-network asset from an outside supplier such as motor vehicles or computers, whereas a construction asset (primarily distribution assets) is treated as project costs.

The “FIN084 Capex spend” report was extracted from the FIC3013 Ellipse Regulatory model (ie Ellipse adjusted for regulatory differences). This report extracts the Capex spend data and draws in project details from the Ellipse Project Accounting module to provide one comprehensive summary of capex spend by purpose, asset class and voltage as described below.

Where the Project has been capitalised, Business Property Unit codes (BPU) are recorded against the Project to assign the asset category for capitalisation. A mapping process is undertaken to identify the AER asset category. This process also identifies unregulated Capex to be excluded.

Where the Project remains under construction and is yet to be capitalised, details are extracted from the Ellipse estimating module to ascertain the types of assets under construction. Direct purchases are mapped according to the account code.

Once the information is extracted, the mapping tables are applied to convert the type of assets into the RIN asset categories per below methodologies and assumptions.

### Methodology

Table 8.2.7 (Immediate expensing of Capex) requires Ergon Energy to report forecast and actual Financial Information for SCS Capex using categories which align with those set out in Ergon Energy's Post Tax Revenue Model and Roll Forward Model issued with the 2020-25 Distribution Determination as per definitions provided in Appendix F to the RIN. As directed by the AER following their Regulatory tax approach review in 2018, the capitalised overheads on projects are immediately expensed for tax purposes and must be disclosed in this template. The only other capital expense which is immediately deductible for tax purposes is capitalised interest. However, capitalised interest is specifically excluded from the capex reported in template 8.2 and therefore has not been disclosed in this table 8.2.7.

**Immediate expensing of CAPEX - Forecast**

Ergon Energy has sourced financial values for forecasts from the Post Tax Revenue Model issued with the 2020-25 Distribution Determination, adjusted for the impact of actual inflation.

Actual Inflation applied is consistent with Ergon Energy's annual Pricing Proposal obtained from the ABS for the Weighted Average of eight capital cities Dec - Dec period.

**Immediate expensing of CAPEX - Actuals**

Amounts represent regulated overhead for each asset class based on the FIN084 capex data.

Capex projects are allocated to regulatory asset categories based on BPU's, estimation tools or account codes as described above. Overheads are identified by specific GL codes which are easily identifiable for each project.

The workings for template 8.2.4, for fully absorbed capex by asset class were used, and direct capex by asset class was deducted to derive the overheads by asset class as reported in this template.

Further detail supporting template 8.2 Capex workings are contained in the BoP for those templates.

## Assumptions

No assumptions were made.

## Estimated Information

Ergon Energy has provided actual information in Template 8.2 for the current regulatory year.

Where information is provided Ergon Energy does so in accordance with the AER's definitions and applying the assumptions and methodology that is described within this Basis of Preparation.

## Explanatory Notes

Not applicable.

# BoP - 8.4 OPEX

## Table 8.4.1 - Operating & Maintenance Expenditure - by Purpose

### Compliance with the RIN Requirements

Table 1.1 below demonstrates how the information provided by Ergon Energy is consistent with each of the requirements specified by the AER.

**Table 4.1 Demonstration of Compliance**

| Requirements (instructions and definitions) | Consistency with requirements |
|---|---|
| **8.4.1 Operating & Maintenance Expenditure - by Purpose**<br><br>Ergon Energy is to list in table 8.4.1 the operating expenditure categories identified in Worksheet 3.2 (opex), table 3.2.1 in Ergon Energy's Reset RIN response;<br><br>Ergon Energy must specify any expenditure category where the expense is more than five per cent of the total standard control services operating expenditure. | Ergon Energy has reported opex categories from regulatory proposal Table 3.2.1 in Ergon Energy's Reset RIN response adjusted for appropriateness to reflect categories of 'other operating costs' only where the expense is more than five per cent of the total standard control services expenditure per 2.25(d) of the Notice. |
| Reported operating expenditure must INCLUDE any profit margins or management fees paid directly or indirectly to related party contractors (not including actual incurred expenditure of the related party contractor) for the regulatory reporting period. | In this regard, the categories for the below forecasts have been included in 'other operating costs' as expenses are less than five per cent of standard control services:<br><br>• AEMC Levy<br>• Not Proceeding Cust. Initiated Capital Works<br>• Over absorbed overheads.<br><br>New categories have been added, extracted from 'other operating costs' where costs in 2020-21 are more than five percent of the total standard control service expenditure, including:<br><br>• Corporate restructuring<br>• Corporate allocations.<br><br>Table 3.2.1 in Ergon Energy's Reset RIN response contained a typographical error disclosing 'vegetation management' forecasts against the 'other network maintenance' category. To correct Ergon Energy has inserted an additional category:<br><br>• Vegetation Management.<br><br>No profit margins or management fees were paid directly or indirectly to related party contractors for the regulatory reporting period. |

## Sources

Table 4.1 below demonstrates the sources from which Ergon Energy obtained the required information:

### Table 4.1 Data Sources

| Variable | Source |
|---|---|
| Preventative maintenance | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |
| Corrective maintenance | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |
| Forced maintenance | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |
| Vegetation management | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |
| Other network maintenance costs | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |
| Network operating costs | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |
| Meter Reading | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |
| Customer services (inc call centre) | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |
| Other operating costs | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |
| Training | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |
| Debt raising costs | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |
| Non-network alternatives | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |
| Corporate Restructuring | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |

| | |
|---|---|
| Corporate Allocations | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |

## Methodology

For the AR RIN, the Forecast amounts include an adjustment for the actual Consumer Price Index (CPI). In accordance with the Final Decision, the CPI applied is for the December to December Weighted Average of Eight Capital Cities as per the Australian Bureau of Statistics.

Ergon Energy has reported the opex values for table 8.4.1 in accordance with its current Cost Allocation Approach as detailed in Table 4.2 below:

### Table 4.2 Approach

| Variable | Source |
|---|---|
| Preventative maintenance | Specific account codes from Ergon Energy's FIC3018 SAP Regulatory model. |
| Corrective maintenance | Specific account codes from Ergon Energy's FIC3018 SAP Regulatory model. |
| Forced maintenance | Specific account codes from Ergon Energy's FIC3018 SAP Regulatory model. |
| Vegetation management | Specific account codes from Ergon Energy's FIC3018 SAP Regulatory model. |
| Other network maintenance costs | Specific account codes from Ergon Energy's FIC3018 SAP Regulatory model. |
| Network operating costs | Specific account codes from Ergon Energy's FIC3018 SAP Regulatory model. |
| Meter Reading | Specific account codes from Ergon Energy's FIC3018 SAP Regulatory model. |
| Customer services (inc call centre) | Specific account codes from Ergon Energy's FIC3018 SAP Regulatory model. |
| Other operating costs | Specific account codes from Ergon Energy's FIC3018 SAP Regulatory model. |
| Training | Specific account codes from Ergon Energy's FIC3018 SAP Regulatory model. |

| | |
|---|---|
| Debt raising costs | Following the transfer of ownership of Ergon Energy and Energex from the state to Energy Queensland Limited (EQL) on the 30 June 2016, transfers of debt for both DNSPs were made in order to comply with the Government Owned Corporations Regulation 2016 (Regulation).<br><br>The share of the State Government debt pool held by the DNSPs prior to the formation of the group was a liability held by each DNSP. In accordance with the Regulation, all DNSP debt (Queensland Treasury Corporation Loans) was transferred back to the Government debt pool. It was then transferred to the parent entity (EQL) at the carrying amount, such that: A share of Queensland debt is held in the EQL parent entity Importantly, no debt raising costs were incurred by the DNSPs during 2020-21 as no debt was raised or refinanced.<br><br>To allocate the Ergon Energy portion of Debt Raising Costs from EQL, actuals have been calculated by multiplying the EQLD QTC fees expense by an annual QTC admin fee percentage to derive the total EQL debt raising costs to be allocated to each DNSP. They have been allocated to each DNSP based on their underlying PPE balances. |
| Non-network alternatives | Specific account codes from Ergon Energy's FIC3018 SAP Regulatory model. |
| Corporate Restructuring | Specific account codes from Ergon Energy's FIC3018 SAP Regulatory model. |
| Corporate Allocations | Specific account codes from Ergon Energy's FIC3018 SAP Regulatory model. Corporate allocations are costs attributable from parent company EQL to distribution subsidiary Ergon Energy. |
| Related Party Margin | Ergon Energy provided margin information based on invoice numbers issued to Ergon Energy that fall within Ergon Energy's AP data. The transactions with related party margins were mapped into the AR OPEX RIN categories. |

The adjustments to opex relates to the following:

- Cost of providing customer service to customers on Ergon Energy's Isolated and Unregulated networks
- Debt raising costs from parent company
- Type 6 non-network capex allocations excluded from capex

- Emergency recoverable works recovery offset
- Impairments
- As well as the recasts of fleet and lease costs to comply with the AER approved Cost Allocation Method (CAM).

## Assumptions

No assumptions were made.

## Estimated Information

Ergon Energy has provided 'Actual Information' (as per the AER's defined term) in relation to all variables contained in this Template.

## Explanatory Notes

Not applicable.

# Table 8.4.2 - Operating & Maintenance Expenditure - by Purpose - Margins Only

## Compliance with the RIN Requirements

Table 4.3 below demonstrates how the information provided by Ergon Energy is consistent with each of the requirements specified by the AER.

### Table 4.3 Demonstration of Compliance

| Requirements (instructions and definitions) | Consistency with requirements |
|---|---|
| **8.4.2 Operating & Maintenance Expenditure - By Purpose - Margins only**<br>"Related party margin expenditure' must COMPRISE ONLY profit margins or management fees paid directly or indirectly to related party contractors (for expenditure that is not an actual incurred expenditure of the related party contractor) for the regulatory reporting period.<br>Adjusted forecast to be in equivalent dollar terms to the actual expenditure for the Relevant Regulatory Year | Ergon Energy reported all 'Related Party Margin Expenditure' including any profit margins or management fees paid directly or indirectly to related party contractors (not including actual incurred expenses of the related party contractor) for the regulatory reporting period. |

## Sources

Table 4.4 below demonstrates the sources from which Ergon Energy obtained the required information:

### Table 4.4 Data Sources

| Variable | Source |
|---|---|
| Preventative maintenance | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |
| Corrective maintenance | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |
| Forced maintenance | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |
| Vegetation management | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |

| | |
|---|---|
| Other network maintenance costs | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |
| Network operating costs | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |
| Meter Reading | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |
| Customer services (inc call centre) | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |
| Other operating costs | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |
| Training | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |
| Debt raising costs | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |
| Non-network alternatives | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |
| Corporate Restructuring | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |
| Corporate Allocations | SAP FIR3027 Report item details, FIC3018 SAP Regulatory model, 2020-25 AER Determination |

## Methodology

For the AR RIN, the Forecast amounts include an adjustment for the actual Consumer Price Index (CPI). In accordance with the Final Decision, the CPI applied is for the December to December Weighted Average of Eight Capital Cities as per the Australian Bureau of Statistics.

Ergon Energy has reported the opex values for table 8.4.2 in accordance with its current Cost Allocation Approach as detailed in Table 4.5 below:

**Table 4.5 - Approach**

| Variable | Source |
|---|---|
| Preventative maintenance | Specific account code from Ergon Energy's FIC3018 SAP Regulatory model. |

| | |
|---|---|
| Corrective maintenance | Specific account code from Ergon Energy's FIC3018 SAP Regulatory model. |
| Forced maintenance | Specific account code from Ergon Energy's FIC3018 SAP Regulatory model. |
| Vegetation management | Specific account code from Ergon Energy's FIC3018 SAP Regulatory model. |
| Other network maintenance costs | Specific account code from Ergon Energy's FIC3018 SAP Regulatory model. |
| Network operating costs | Specific account code from Ergon Energy's FIC3018 SAP Regulatory model. |
| Meter Reading | Specific account code from Ergon Energy's FIC3018 SAP Regulatory model. |
| Customer services (inc call centre) | Specific account code from Ergon Energy's FIC3018 SAP Regulatory model. |
| Other operating costs | Specific account code from Ergon Energy's FIC3018 SAP Regulatory model. |
| Training | Specific account code from Ergon Energy's FIC3018 SAP Regulatory model. |
| Debt raising costs | Following the transfer of ownership of Ergon Energy and Energex from the state to Energy Queensland Limited (EQL) on the 30 June 2016, transfers of debt for both DNSPs were made in order to comply with the Government Owned Corporations Regulation 2016 (Regulation).<br><br>The share of the State Government debt pool held by the DNSPs prior to the formation of the group was a liability held by each DNSP. In accordance with the Regulation, all DNSP debt (Queensland Treasury Corporation Loans) was transferred back to the Government debt pool. It was then transferred to the parent entity (EQL) at the carrying amount, such that: A share of Queensland debt is held in the EQL parent entity Importantly, no debt raising costs were incurred by the DNSPs during 2020-21 as no debt was raised or refinanced.<br><br>To allocate the Ergon Energy portion of Debt Raising Costs from EQL, actuals have been calculated by multiplying the EQLD QTC fees expense by an annual QTC admin fee percentage to derive the total EQL debt raising costs to be |

| | |
|---|---|
| | allocated to each DNSP. They have been allocated to each DNSP based on their underlying PPE balances. |
| Non-network alternatives | Specific account code from Ergon Energy's FIC3018 SAP Regulatory model. |
| Corporate Restructuring | Specific account code from Ergon Energy's FIC3018 SAP Regulatory model. |
| Corporate Allocations | Specific account code from Ergon Energy's FIC3018 SAP Regulatory model. Corporate allocations are costs attributable from parent company EQL to distribution subsidiary Ergon Energy. |
| Related Party Margin | Ergon Energy provided margin information based on invoice numbers issued to Ergon Energy that fall within Ergon Energy's AP data. The transactions with related party margins were mapped into the AR OPEX RIN categories. |

## Assumptions

No assumptions were made.

## Estimated Information

Ergon Energy has provided 'Actual Information' (as per the AER's defined term) in relation to all variables contained in this Template.

## Explanatory Notes

Not applicable.

# Table 8.4.3 - Operating & Maintenance Expenditure - Explanation of Material Difference

## Compliance with the RIN Requirements

Table 4.6 below demonstrates how the information provided by Ergon Energy is consistent with each of the requirements specified by the AER.

### Table 4.6 Demonstration of Compliance

| Requirements (instructions and definitions) | Consistency with requirements |
| --- | --- |
| **8.4.3 Operating & Maintenance Expenditure - Explanation of Material Difference**<br><br>Where the difference between forecast and actual expenditure shown in table 8.4.1, column I is a Material Difference please explain the main factors driving the difference. | All material differences identified in table 8.4.1 are explained in table 8.4.3. |

## Sources

AR RIN table 8.4.1.

## Methodology

Not applicable.

## Assumptions

No assumptions have been made.

## Estimated Information

Ergon Energy has provided actual information, in accordance with the AER's definition.

## Explanatory Notes

Not applicable.

# BOP – P1 Cost Reflective Tariff and Metering

## Compliance with the RIN Requirements

Table 6.7 demonstrates how the information provided by Ergon Energy is consistent with each of the requirements specified by the AER.

### Table 6.1- Demonstration of Compliance

| Requirements (Notice and Definitions) | Consistency with Requirements |
|---|---|
| Notice Instructions Part B paragraph 2.29: Customer tariff assignment and metering data is to be collected from 2017–2018 (or the 2018 calendar year) until 2023 – 2024.<br><br>(a) Non-Victorian distributors are to provide customer tariff assignment and metering data from 2017–2018 to 2023–2024 on a financial year basis. | Ergon Energy has reported information on a financial year basis. |
| Notice Instructions Part B paragraph 2.30: Non-Victorian distributors must:<br><br>(a) complete and submit on 30 November 2021 the data required in *Regulatory Template* P1 in *Workbook 1 – Annual reporting – amended and Workbook 2 – New historical – amended* attached at Appendix A for each of the following years for which it has not previously provided audited or reviewed customer tariff assignment and metering data:<br><br>(i) 2017–2018 regulatory year<br><br>(ii) 2018–2019 regulatory year<br><br>(iii) 2019–2020 regulatory year<br><br>(iv) 2020–2021 regulatory year | This Basis of Preparation relates to 2020-21 reported in Workbook 1. |
| Notice Instructions Part B paragraph 2.32: Regulatory Template P1 instructions<br><br>a) All meter and customer numbers provided must be as at 30 June of the relevant regulatory year where data is collected on a financial year basis or as at 31 December of the relevant regulatory year where data was collected on a calendar year basis. | Ergon Energy has reported meter and customer numbers as at 30 June 2021. |
| Notice Instructions Part B paragraph 2.32: Regulatory Template P1 instructions<br><br>b) Provide an explanation in the comment column of the timing and nature of any | Ergon Energy has provided explanations of the timing and nature of any material changes in the level and structure of tariffs in: |

| | |
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| material changes in the level and structure of tariffs in the relevant regulatory year. | • Table P1.2 Distribution Customer Numbers – Non-Cost Reflective Tariffs – Interval/Smart Meters<br>• Table P1.3 NMI Count – By Tariff Type<br><br>Not Applicable for:<br><br>• Table P1.1 Distribution Customer Numbers – by Meter Type |
| Notice Instructions Part B paragraph 2.32: Regulatory Template P1 instructions<br><br>c) Provide in the comment column any details of any material tariff re-assignments in the relevant regulatory year. | Ergon Energy has provided explanations of material tariff re-assignments in:<br><br>• Table P1.2 Distribution Customer Numbers – Non-Cost Reflective Tariffs – Interval/Smart Meters<br>• Table P1.3 NMI Count – By Tariff Type<br><br>Not Applicable for:<br><br>• Table P1.1 Distribution Customer Numbers – by Meter Type |
| Appendix F Definitions: Customer<br><br>Means a connection point between a distribution network and customer that has been assigned a National Metering Identifier, including energised and de-energised connection points but excluding unmetered connection points without a National Metering Identifier.<br><br>Note: For STPIS and customer tariff assignment and metering purposes, the definition of customer is defined in the AER's Distribution Reliability Measures Guideline. | Ergon Energy reports a customer as a distribution customer with an active account and active National Metering Identifier (NMI) i.e. inactive and de-energised accounts are excluded.<br><br>Ergon Energy also complies with 'Electricity DNSP AR RIN variation – Issues Register – Sept 2021'. Refer below for AER responses to DNSP issues 14 and 18:<br><br>Further AER guidance provided in Issues Register Pre-Draft RIN issue 14.<br><br>• DNSP Issue: Tariff and metering data - NMI count of meter types. Table P1.3, is NMI count by tariff type which would be an extraction of the number of NMIs billed by tariff in the last month of the year. This item will exclude de-energised or inactive NMIs. If the AER intends for NMI count to reconcile between tables P1.1 and P1.3 then table P1.1 would also need to exclude de-energised or inactive NMIs. Please find attached a previous explanation to the AER concerning the issue of meter reporting categories.<br><br>• AER response: All tables should exclude de-energised or inactive NMIs.<br><br>Further AER guidance provided in Issues Register Pre-Draft RIN issue 18.<br><br>• DNSP Issue: Can the AER please specify whether unmetered supply (UMS) customers should be used in the customer counts provided in Workbook 5? Please |

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| | note that, for the purposes of the five-minute settlement rule change, many UMS assets have been assigned a NMI even though they remain unmetered.<br>• AER response: We consider the exclusion of unmetered tariff data is appropriate and agree the assumptions and methodology should be described in the basis of preparation. |
| Appendix F Definitions: NMI, NMI count<br><br>National Metering Identifier, as defined in the NER. The billable number of NMIs. | Ergon Energy has reported billable NMIs by excluding inactive and de-energised NMIs as per AER Issues Register clarifications: RIN issue 14 and 18 noted above. |
| Appendix F Definitions, non-cost reflective tariffs<br><br>A tariff that is not a cost-reflective tariff. Non-cost reflective tariffs include flat rate or block-based tariffs i.e. where the rate per kWH depends only on the customer's total usage but does not depend on when the usage occurs. | Refer to Table 6.7 EQL Distribution Tariffs by Non-Cost Reflective and Cost Reflective Tariff. |
| Appendix F Definitions: *Cost reflective tariffs*<br><br>Time of use (ToU) or flexible tariffs i.e. where the tariff includes varying rates per kWH depending on the time of use, and/or contains a demand/capacity component. | Refer to Table 6.7 EQL Distribution Tariffs to Non-Cost Reflective and Cost Reflective Tariff.<br><br>Ergon Energy also complies with 'Electricity DNSP AR RIN variation – Issues Register – Sept 2021'. Refer below for further AER guidance provided in Issues Register Pre-Draft RIN issue 21.<br><br>• DNSP Query: Ergon Energy and Energex seek the AER's guidance for Small and Large Business Primary load control tariffs (BPLC/5700, LPLC/5800), when categorising between cost reflective / non-cost reflective tariff categories. In the first instance, we consider these tariffs would be categorised as, 'non-cost reflective tariffs', yet with a switching environment at the discretion of the Network, they could be categorised as 'cost reflective tariffs'. Could the AER please advise, and consider inserting further meaning in the definition for clarity?<br>• AER response: The AER considers the Small and Large Business Primary load control tariffs (BPLC/5700, LPLC/5800) should be reported as cost reflective tariffs. This assumption should be included in the basis of preparation. |
| Appendix F Definitions: *residential customers*<br><br>Residential customer means a customer who purchases energy principally for personal, household or domestic use at premises. | Refer to Table 6.7 for criteria used to categorise customers as 'residential' |

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|---|---|
| Appendix F Definitions: *non-residential high voltage customer*<br><br>Customers other than residential customers who are connected at high voltage. | Refer to Table 6.3 Methodology for criteria used to categorise customers as 'non- residential high voltage' |
| Appendix F Definitions: *non-residential low voltage customer*<br><br>Customers other than residential customers who are connected at low voltage. | Refer to Table 6.3 Methodology for criteria used to categorise customers as 'non- residential low voltage' |
| Appendix F Definitions: Meter, Metering Type<br><br>Has the meaning prescribed in the NER Metering types are described in Schedule 7.4 to the NER (Types and Accuracy of Metering installations). | Metering type is determined by the *Metering Coordinator* in accordance with annual volume limits in S7.4.<br>For type 6 metering installations, Metrology Procedure Part A section 3.5 defines the volume limit value for customers in Qld. |

# Table P.1.1 – Distribution Customer Numbers – By Meter Type

## Compliance with the RIN Requirements

Table 6.1 demonstrates how the Information provided by Ergon Energy is consistent with each of the requirements specified by the instructions and definitions in the Notice, and as described in the methodology within this Basis of Preparation.

## Sources

Table 6.2 sets out the sources from which Ergon Energy obtained the required information.

### Table 6.2 – Information Sources

| Reporting Category | Source |
|---|---|
| Distribution Customer numbers:<br>• Residential Customers<br>• Non-Residential - Low Voltage<br>• Non-Residential – High Voltage | PEACE data in EIP Model EMC2012_Cost _Reflective_Tariff |
| Meter Type:<br>• Meter Type 1-3<br>• Meter Type 4<br>• Meter Type 6 | PEACE data in EIP Model EMC2012_Cost _Reflective_Tariff |

## Methodology

Table 6.3 sets out the methodology which Ergon Energy applied to report the required information.

### Table 6.3 – Methodology

| Reporting Category | Methodology |
|---|---|
| Distribution Customer numbers:<br>• Residential Customers<br>• Non-Residential - Low Voltage<br>• Non-Residential – High Voltage | Customer data with property assigned to each individual premise that determines status: NMI_STATUS.<br>There is a one to one relationship between the premise and it's assigned NMI, maintained in the PEACE CRM.<br><br>Include A - "ACTIVE"<br>Exclude X - "EXTINCT"; G - "GREENFIELD"; UNKWN - "UNKWN UNKNOWN"; D - "DEENERGISED<br><br>Residential - CUSTOMERCLASS = "RES", "NA"<br>Non-Residential - CUSTOMERCLASS = "BUS"<br><br>Aggregated results extracted using Visualisation Software Tableau |

| Reporting Category | Methodology |
|---|---|
| Meter Type:<br>• Meter Type 1-3<br>• Meter Type 4<br>• Meter Type 6 | Using Meter types 1 to 6:<br>• Types 1 to 4 - Interval meters remote read<br>• Type 5 – Excluded as not used in Queensland<br>• Type 6 – Basic Meters<br><br>Note: As Type 7 meters are unmetered and have been excluded per AER – Issues Register item 18 noted above.<br><br>Meter Type is assigned to each individual premise. It is sourced from the CV_DIM_METER. METER_TYPE, which is derived from the PM_SDP_ROLE table. PARTICIPANT_CODE (PARTICIPANT_ROLE = "MIT") attribute in the PEACE CRM.<br><br>Only one Meter Type has been counted per premise.<br><br>Aggregated results extracted using Visualisation Software Tableau<br><br>Refer to Assumptions below in the event where there has been more than one-meter type at the premise. |

Table 6.4 sets out the participant code assigned to each premise in the PEACE CRM for Ergon Energy customers mapped to AER Meter Type.

### Table 6.4 – Meter Type Mapping Table

| Participant Code | Meter Type |
|---|---|
| BASIC | 6 |
| COMMS1 | 1 |
| COMMS2 | 2 |
| COMMS3 | 3 |
| COMMS4 | 4 |
| COMMS4C | 4 |
| COMMS4D | 4 |
| MRAM | 4 |
| SAMPLE | Exclude |
| UMCP | Unmetered – exclude Issues Register Pre-Draft RIN issue 18. |

In 2020-21 Ergon Energy reallocated one NMI for customer type non-residential type 6 meter, from high voltage to low voltage. This reallocation was based on a review of findings where data in PEACE was identified to have an incorrectly assigned high voltage status.

In a limited number of cases where NMI's have a communications link meter and basic meter, one count per NMI has been reported against Meter type 4 to comply with Issues Register Pre-Draft RIN issue 13.

## Assumptions

Not applicable.

## Estimated Information

Ergon Energy has provided 'Actual Information' (as per the AER's defined term) in relation to all variables contained in this Template. Minimal assumptions were applied with immaterial impact on reported results.

## Explanatory Notes

A comparison of distribution customers by Meter Type over time shows an increase in customers moving to Type 4 meters. An explanation for the trend can be attributed to the following key drivers:

1. Meter exchange because of a customer request or fault;
2. Meter model becomes non-compliant and complete replacement is required;
3. Retailer initiated program replaces meters; and
4. New customer connections.

A type 6 meter installation will convert to type 4 when the meter is replaced.

## Table P.1.2 – Distribution Customer Numbers – Non-Cost Reflective Tariffs – Interval/Smart Meters

### Compliance with the RIN Requirements

Table 6.1 demonstrates how the Information provided by Ergon Energy is consistent with each of the requirements specified by the instructions and definitions in the Notice, and as described in the methodology within this Basis of Preparation.

### Sources

Table 6.5 sets out the sources from which Ergon Energy obtained the required information.

**Table 6.5 – Information Sources**

| Reporting Category | Source |
| --- | --- |
| Distribution Customer numbers:<br>• Residential by non-cost reflective Tariff code | PEACE data in EIP Model EMC2012_Cost _Reflective_Tariff<br>Ergon Energy Tariff Structure Statement |
| Distribution Customer numbers:<br>• Non-Residential Low Voltage by non-cost reflective Tariff code | PEACE data in EIP Model EMC2012_Cost _Reflective_Tariff<br>Ergon Energy Tariff Structure Statement |

### Methodology

Table 6.6 sets out the methodology which Ergon Energy applied to report the required information.

**Table 6.6 – Methodology**

| Reporting Category | Methodology |
| --- | --- |
| Distribution Customer numbers:<br>• Residential by non-cost reflective Tariff code<br>• Non-Residential Low Voltage by non-cost reflective Tariff code | Distribution Customer:<br>• Using NMI_STATUS<br>• Include A - "ACTIVE"<br>• Exclude X - "EXTINCT"; G - "GREENFIELD"; UNKWN - "UNKWN UNKNOWN"; D - "DEENERGISED<br>Residential and Non-Residential:<br>• Residential - CUSTOMERCLASS = "RES", "NA"<br>• Non-Residential - CUSTOMERCLASS = "BUS"<br>Aggregated results extracted using Visualisation Software Tableau into Excel |

| | |
|---|---|
| | Non-cost Reflective Tariff Code:<br>• Network Tariff from Ergon Energy Tariff Structure Statement<br>• Exclude the Network Tariff Code's with the following prefixes: G; N; R<br>Apply v-lookup in Excel to aggregated data to return non-cost reflective status to Ergon Energy Network Tariff Codes. |

Table 6.7 sets out the mapping of EQL Distribution Tariffs to Non-Cost Reflective and Cost Reflective Tariff in accordance with AER defined terms.

**Table 6.7 – Ergon Energy Distribution Tariffs by Non-Cost Reflective and Cost-Reflective Tariff**

| Ergon Code | Tariff | Primary/Secondary | CRT Status |
|---|---|---|---|
| RDEM | Residential Demand | Primary | Cost-reflective |
| RIB | Residential IBT | Primary | Non-cost reflective |
| RTDEM | Residential Transitional Demand | Primary | Cost-reflective |
| RTOUE | Residential ToU Energy | Primary | Cost-reflective |
| BDEM | Small Business Demand | Primary | Cost-reflective |
| BIB | Small Business IBT | Primary | Non-cost reflective |
| BPLC | Small Business Primary Load Control | Primary | Cost-reflective |
| BTDEM | Small Business Transitional Demand | Primary | Cost-reflective |
| BTOUE | Small Business ToU Energy | Primary | Cost-reflective |
| BWIF | Small Business Wide Inclining Fixed Tariff | Primary | Non-cost reflective |
| BFRM | Transitional Network ToU Energy Tariff 1 | Primary | Cost-reflective |
| BIRR | Transitional Network ToU Energy Tariff 2 | Primary | Cost-reflective |
| BPMP | Transitional Network Dual Rate Demand Tariff 3 | Primary | Non-cost reflective |

| Ergon Code | Tariff | Primary/Secondary | CRT Status |
|---|---|---|---|
| DLT | Demand Large | Primary | Cost-reflective |
| DMT | Demand Medium | Primary | Cost-reflective |
| DST | Demand Small | Primary | Cost-reflective |
| LPLC | Large Business Primary Load Control | Primary | Cost-reflective |
| LSLC | Large Business Secondary Load Control | Secondary | |
| LTOUD | Large Business Time-of-Use Demand | Primary | Cost-reflective |
| STOUD | Seasonal Time-of-Use Demand | Primary | Cost-reflective |
| RES | Large Residential Energy | Primary | Non-cost reflective |
| BES | Large Business Energy | Primary | Non-cost reflective |
| C66 | CAC 66kV | Primary | Cost-reflective |
| C33 | CAC 33kV | Primary | Cost-reflective |
| C22B | CAC 22kV Bus | Primary | Cost-reflective |
| C22L | CAC 22kV Line | Primary | Cost-reflective |
| C66TOU | Seasonal TOU Demand CAC Higher Voltage | Primary | Cost-reflective |
| C22BTOU | Seasonal TOU Demand CAC 22/11kV Bus | Primary | Cost-reflective |
| C22LTOU | Seasonal TOU Demand CAC 22/11kV Line | Primary | Cost-reflective |
| CACSS | CAC Site Specific | Primary | Cost-reflective |
| EICCBxx | ICC | Primary | Cost-reflective |
| EICCAxx | ICC | Primary | Cost-reflective |
| WICCBxx | ICC | Primary | Cost-reflective |
| EICCAxx | ICC | Primary | Cost-reflective |

In 2020-21 Ergon Energy reallocated one NMI for customer type non-residential type 6 meter, from high voltage to low voltage. This reallocation was based on a review of findings where data in PEACE was identified to have an incorrectly assigned high voltage status.

## Assumptions

Where a customer on a business tariff has been identified by the Retailer as a residential customer (or vice versa), the NMI counts have been reported based on tariff classification.

## Estimated Information

Ergon Energy has provided 'Actual Information' (as per the AER's defined term) in relation to all variables contained in this Template. Minimal assumptions were applied with immaterial impact on reported results.

## Explanatory Notes

Not Applicable.

## Table P.1.3 – NMI Count – By Tariff Type

### Compliance with the RIN Requirements

Table 6.1 demonstrates how the Information provided by Ergon Energy is consistent with each of the requirements specified by the instructions and definitions in the Notice, and as described in the methodology within this Basis of Preparation.

### Sources

Table 6.8 sets out the sources from which Ergon Energy obtained the required information.

**Table 6.8 - Demonstration of Compliance**

| Reporting Category | Source |
|---|---|
| NMI Count for Residential Customers<br>• Cost Reflective<br>• Non-Cost Reflective<br><br>By Tariff Name and Code | PEACE data in EIP Model EMC2012_Cost _Reflective_Tariff<br><br>Ergon Energy Tariff Structure Statement |
| NMI Count for Non-Residential Low Voltage<br>• Cost Reflective<br>• Non-Cost Reflective<br><br>By Tariff Name and Code | PEACE data in EIP Model EMC2012_Cost _Reflective_Tariff<br><br>Ergon Energy Tariff Structure Statement |
| NMI Count for Non-Residential Low Voltage<br>• Cost Reflective<br><br>By Tariff Name and Code | PEACE data in EIP Model EMC2012_Cost _Reflective_Tariff<br><br>Ergon Energy Tariff Structure Statement |

### Methodology

Table 6.9 sets out the methodology which Ergon Energy applied to report the required information.

**Table 6.9 – Methodology**

| Reporting Category | Methodology |
|---|---|
| NMI Count<br><br>Residential Customers<br>• Cost Reflective<br>• Non-Cost Reflective | Distribution Customer:<br>• Using NMI_STATUS<br>• Include A - "ACTIVE"<br>• Exclude X - "EXTINCT"; G - "GREENFIELD"; UNKWN - "UNKWN UNKNOWN"; D - "DEENERGISED |

| | |
|---|---|
| Non-Residential Low Voltage<br><br>• Cost Reflective<br>• Non-Cost Reflective<br><br>Non-Residential High Voltage<br><br>• Cost Reflective<br><br>By Tariff Code | Residential and Non-Residential:<br><br>• Residential - CUSTOMERCLASS = "RES", "NA"<br>• Non-Residential - CUSTOMERCLASS = "BUS"<br><br>Non-cost Reflective Tariff Code:<br><br>• Network Tariff from Ergon Energy Tariff Structure Statement<br>• Exclude the Network Tariff Code's with the following prefixes: G; N; R<br><br>High Voltage:<br><br>• The following Distribution Loss Factor codes assigned to each NMI have been used to identify the High Voltage sites. CV_DIM_PREMISE_SERVICE_DELIVERY_ROLE.DISTRLOSSFACTOR = 'GESB','GBSB','GESL','GEHL','GEHB','GWSB','GWSL',<br>• 'GWHL','GWHB','GMSB','GMSL','GMHB','GMHL')<br>• In addition, any NMI assigned an ICC or CAC Primary Tariff are all High Voltage sites and included in this aggregation.<br><br>Low Voltage:<br><br>All other customers excluding High Voltage customers<br><br>Aggregated results extracted using Visualisation Software Tableau into Excel. Apply v-lookup in Excel to aggregated data to return non-cost reflective status to Ergon Energy Network Tariff Codes. |

In 2020-21 Ergon Energy reallocated one NMI for customer type non-residential type 6 meter, from high voltage to low voltage. This reallocation was based on a review of findings where data in PEACE was identified to have an incorrectly assigned high voltage status.

## Assumptions

Where a customer on a business tariff has been identified by the Retailer as a residential customer (or vice versa), the NMI counts have been reported based on tariff classification.

## Estimated Information

Ergon Energy has provided 'Actual Information' (as per the AER's defined term) in relation to all variables contained in this Template.

## Explanatory Notes

Not applicable.