

ERGON ENERGY



Category Analysis Regulatory Information Notice

Final Submission (Audited)
1 July 2008 to 30 June 2013

2 June 2014

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GLOSSARY

ACRONYM	GLOSSARY TERM
Ergon Energy 08/09-12/13 Category Analysis RIN	Ergon Energy's 2008/09 to 2012/13 Category Analysis Regulatory Information Notice
ACS	Alternative Control Services
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
Annual Performance RIN	Annual Performance Regulatory Information Notice
Augex	Augmentation (capital) expenditure
CAM	AER approved Cost Allocation Method
CAMP	Cost Allocation Methods and Procedures
Capex	Capital expenditure
CBD	Central business district
DNSP	Distribution Network Service Provider
EBSS	Efficiency Benefit Sharing Scheme (AER)
EG	Embedded Generator
Ergon Energy	Ergon Energy Corporation Limited
ENA	Energy Networks Association
Excel	Microsoft Excel
Submission	In relation to the Initial Regulatory Years only, the information required under the Notice as submitted to the AER on an audited basis in accordance with Appendix D of the Notice and verified by a Statutory Declaration in Appendix C to the Notice, on or before 5:00 pm Australian Eastern Daylight Time (AEDT) on 2 June 2014 (first business day after 31 May 2014). The submission must be accompanied by the Audit and Review Report(s) and a signed Statutory Declaration.
GIS	Geographic information system
HV	High voltage
ICC	Individually Calculated Customer
Initial Regulatory Years	Relevant to the AER's Category Analysis Notice, the financial (regulatory) years 2008/09 to 2012/13.
KM	Kilometre
kW	Kilowatt

ACRONYM	GLOSSARY TERM
kV	Kilovolt
kVa	Kilovolt-amps
LV	Low voltage
LR	Long Rural
MDA	Meter Data Agent
MED	Major event day
MVA	Megavolt ampere
MW	Megawatt
NEL	National Electricity Law
NER	National Electricity Rules
NMI	National Metering Identifier
Nominal	With respect to dollars – means dollar of the day
Notice	Regulatory Information Notice
NSP	Network service provider
Opex	Operational expenditure
PoE	Probability of Exceedance
QCA	Queensland Competition Authority
QCA RRS	Queensland Competition Authority Regulatory Reporting Statements
RAB	Regulatory Asset Base
Repex	Replacement (capital) expenditure
Real	With respect to dollars – means constant dollars at a specific date.
RIN	Regulatory information notice
RIO	Regulatory information order
ROAMES	Remote Observation Advanced Modelling Economic Simulation
RRS	Regulatory Reporting Statements
SAC	Standard Asset Customer
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SCADA	Supervisory control and data acquisition
SCS	Standard Control Services
SMDB	Statistical Metering Database
STPIS	Service Target Performance Incentive Scheme (AER)
SWER	Single Wire Earth Return

ACRONYM	GLOSSARY TERM
STL	Street lighting
TMED	Major Event Day Threshold
TNSP	Transmission network service provider
UnMet	Unmetered Customer Category
UR	Urban

1. INTRODUCTION

On 7 March 2014, the Australian Energy Regulator (AER) issued a Regulatory Information Notice (Notice) under Division 4 of Part 3 of the National Electricity (QLD) Law (NEL) to Ergon Energy Corporation Ltd (ABN 50 087 646 062) (Ergon Energy). The Notice was accompanied by the “Better Regulation Explanatory Statement, Regulatory Information Notices to Collect Information for Category Analysis (March 2014)” (RIN Explanatory Statement).

The Notice requires Ergon Energy to provide and to prepare and maintain the information in the manner and form specified in the Notice.

Ergon Energy notes that the AER’s Notice indicates that the AER require the information for the performance or exercise of its functions or powers conferred on it under the NEL or the National Electricity Rules (NER), namely to:

- publish network service provider performance reports (annual benchmarking reports) the purpose of which are to describe, in reasonably plain language, the relative efficiency of each Distribution Network Service Provider (DNSP) in providing direct control services over a 12 month period; and
- assess benchmark operating expenditure (Opex) and benchmark capital expenditure (Capex) that would be incurred by an efficient DNSP relevant to building block determinations.

Pursuant to sections 28M9(e) and 28M(d) of the NEL, the Notice requires Ergon Energy to:

- provide the information specified in Schedule 1 to the Notice, audited in accordance with Appendix C to the Notice;
- prepare and maintain the information in the manner and form specified in Schedule 2 to the Notice; and
- verify, using the statutory declaration in Appendix B to the Notice, the information specified to the Notice.

In relation to the Initial Regulatory Years only (financial years 2008/09 to 2012/13), the said information is required to be provided on an audited basis electronically to AERInquiry@aer.gov.au, on or before 5:00 pm Australian Eastern Daylight Time (AEDT) on 31 May 2014 (the ‘Submission’). The submission is to be accompanied by the Audit and Review Report(s) and signed Statutory Declaration.

NOTE: Given the required submission date fell on Saturday 31 May 2014 (a non-business day) Ergon Energy received clarification from the AER that section 28 of the NEL applies, which provides for a submission on the next business day, being Monday 2 June 2014.

Accordingly, Ergon Energy is pleased to submit this Submission (audited) in relation to the 2008/09 to 2012/13 Regulatory Years (**Ergon Energy 08/09-12/13 Category Analysis RIN, Submission**), as made by:

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2. CONFIDENTIAL INFORMATION

Schedule 1 paragraph 3.1- 3.3

2.1 Requirement

In accordance with Schedule 1 of the Notice, if Ergon Energy makes a claim for confidentiality over any information provided in accordance with the Notice issued, Ergon Energy must:

- provide any details of a claim for confidentiality in accordance with the requirements of the AER's Better Regulation Confidentiality Guideline (19 November 2013)¹, as if it extended and applied to that claim for confidentiality;
- provide any details of a claim for confidentiality in response to the above, at the same time as making the claim for confidentiality; and
- confirm, in writing, that consent is given for the AER to disclose all other of Ergon Energy's information (provided in the submission) on the AER website.

The AER's Confidentiality Guidelines sets out the framework for how the AER will handle confidentiality claims and requirements for Ergon Energy.

A confidentiality claim, by itself, is insufficient to prevent disclosure. Both the NEL and the *Competition and Consumer Act 2010 (Cth)* provide for the AER to disclose confidential information in certain circumstances. In particular, section 28ZB of the NEL allows the AER to disclose information where:

- disclosure would not cause detriment to the information provider or the person from whom the information provider received the information; or
- public benefit in disclosing the information outweighs that detriment.

Making a confidentiality claim in the manner mentioned above will reduce the chance that the AER will exercise these powers. Ergon Energy notes the AER would provide notice and an opportunity to comment prior to exercising these powers.

2.2 Response

Ergon Energy notes that regard has been given to the AER's Confidentiality Guidelines in assessing confidentiality claims in preparation of its 08/09-12/13 Category Analysis RIN. Ergon Energy has not identified any claims for confidentiality in regards to its 08/09-12/13 Category Analysis RIN response.

Of note, Ergon Energy contacted its independent auditor (the Queensland Audit Office) to advise the AER's ability to disclose audit or review reports issued to Ergon Energy in respect of its 08/09-12/13 Category Analysis RIN, subject to any confidentiality claims made. Confirmation was obtained from the auditor agreeing to the release of audit or review reports / audit opinion.

¹ Available at: <http://www.aer.gov.au/node/18888>

3. DATA TEMPLATES

Schedule 1 paragraph 1.1-1.3, Schedule 2 paragraph 1.1 and 1.3, Appendix E: Principles and Requirements

3.1 Requirement

Schedule 1, paragraph 1.1 of the Notice requires Ergon Energy to provide the information required in each Regulatory Template in the Microsoft Excel workbooks attached at Appendix A to the Notice (the Templates), completed in accordance with the Notice and the Principles and Requirements in Appendix E.

Schedule 2, paragraph 1.1 requires the Microsoft Excel workbooks to be prepared in a manner and form specified in the worksheets therein and reiterates that the requirements of the Notice are to be adhered to.

The AER's Appendix E, Principles and Requirements paragraph 1.3 notes that subject to a small number of exceptions, Ergon Energy must provide all information required in the Regulatory Templates. That is to say, Ergon Energy must complete all input cells, meaning a value must be entered that corresponds to the unit required. For the avoidance of doubt, "N/A" or similar must not be input.

Exceptions or variables to which this is not applicable (e.g. where input cells can be blacked out) are detailed in paragraph 1.3-1.4 of Appendix E: Principles and Requirements. The exceptions applying for Initial Regulatory Years (2008/09-2012/13) are identified in the Regulatory Templates with orange coloured cells. Ergon Energy is exempted from inserting data into the specified cells for the variables (as further clarified in related paragraphs in Appendix E, Principles and Requirements) and must instead colour them black if Ergon Energy does not currently collect or report this information, and identifies this in the basis of preparation.

Data for cells in Regulatory Templates coloured grey or containing formulae do not require input and must not be amended by Ergon Energy.

Where *Actual Information* (defined term) cannot be provided, Ergon Energy is required to provide *Estimated Information* (defined term) and additional information in relation to *Estimated Information* is to be provided in accordance with Basis of Preparation requirements (refer section 4).

In relation to the Initial Regulatory Years 2008/09-2012/13, the AER requires Ergon Energy to verify information provided in the templates by way of an Audit in accordance with Appendix C and a Statutory Declaration in accordance with Appendix B to the Notice.

3.2 Ergon Energy 2008/09-2012/13 Category Analysis RIN Templates

3.2.1 Completed RIN Templates

Ergon Energy's Submission of the completed 2008/09-2012/13 Category Analysis RIN templates (08/09-12/13 CARIN Templates), being the Microsoft Excel workbooks at Appendix A to the Notice, are provided as attachments to this response as follows:

- Consolidated [EECL 0913 CARIN_CON.xls];
- Estimated [EECL 0913 CARIN_EST.xls]; and
- Actual [EECL 0913 CARIN_ACT.xls].

3. DATA TEMPLATES

Of note, Ergon Energy made amendments to tables within templates as summarised in Table 3-1 below. Importantly, these changes are only those permitted for under the AER's Notice requirements, particularly given the 'protected' nature of templates provided to Ergon Energy. Where made, amendments are consistent across the Consolidated, Actual and Estimated templates.

Table 3-1: Amendments to Templates

RIN Template	RIN Template Reference	Amendment
2.1 Expenditure Summary & reconciliation	Table 2.1.1 SCS Capex	Inserted two (2) rows to allow disclosure relating to Metering and Public Lighting, pertaining to SCS Capex.
2.1 Expenditure Summary & reconciliation	Table 2.1.2 SCS Opex	Inserted two (2) rows to allow disclosure relating to Metering and Public Lighting, pertaining to SCS Opex.
2.1 Expenditure Summary & reconciliation	Table 2.1.3 ACS Capex	Inserted two (2) rows to allow disclosure relating to Capitalised Network and Corporate Overheads pertaining to ACS Capex.
2.1 Expenditure Summary & reconciliation	Table 2.1.4 ACS Opex	Inserted two (2) rows to allow disclosure relating to Network and Corporate overheads relating to ACS Opex.
2.2 Repex	Table 2.2.1 SCADA, Network Control and Protection Systems by: Function	Inserted two (2) rows to allow disclosure relating to Communications Site Infrastructure and Linear Assets.
2.2 Repex	Table 2.2.1- Other by: DNSP Defined	Inserted four (4) rows to allow disclosure relating to: Current Transformers; Voltage Transformers; Capacity Banks; Static Var Compensator.
2.2 Repex	Table 2.2.2 Overhead Conductors by: Conductor Length Material type	Inserted six (6) rows to allow disclosure relating to: OH Conductor (LV ABC, Steel, ACSR, AAAC, AAC, HDBC) Note: This amendment has caused blank rows to be inserted in Table 2.2.1 which cannot be removed because of the protection on the template. This is in accordance with Instructions from the AER when Ergon Energy sought clarification in this regard.
2.6 Non-network	Table 2.6.1	Inserted eight (8) rows under Asset Category for additional disclosure of Non Network costs.
2.9 Emergency Response	Table 2.9.1- (B) Major Events O&M Expenditures	Inserted seventeen (17) rows to account for major events.
2.9 Emergency Response	Table 2.9.1- (C) Major Event Day O&M Expenditure	Inserted twenty-three (23) rows to account for major events.
2.10 Overheads	Table 2.10.1 Overhead Expenditure Before Allocation to SCS	Inserted three (3) rows to accommodate categories of Overheads.
2.10 Overheads	Table 2.10.1- Overhead Before allocation ACS	Inserted three (3) rows to accommodate categories of Overheads.
2.10 Overheads	Table 2.10.1- Capitalised Overheads	Inserted three (3) rows to accommodate categories of Overheads.

3. DATA TEMPLATES

RIN Template	RIN Template Reference	Amendment
2.10 Overheads	Table 2.10.2- Overhead Expenditure Before Allocation SCS	Inserted twelve (12) rows to accommodate categories of Overheads.
2.10 Overheads	Table 2.10.2- Overhead Before Allocation ACS	Inserted twelve (12) rows to accommodate categories of Overheads.
2.10 Overheads	Table 2.10.2- Capitalised Overheads	Inserted twelve (12) rows to accommodate categories of Overheads.
4.1 Public lighting	Table 4.1.1-Current Population of Lights	Inserted 95 rows to present current population of lights.
4.1 Public lighting	Table 4.1.3- Major Road Light Installation	Ergon Energy nominated nine (9) Light Types resulting in five (5) additional rows being added to the template.
4.1 Public lighting	Table 4.1.3-Minor Road Light Installation	One (1) additional row was added to the template, given five additional light types were nominated by Ergon Energy.
4.1 Public lighting	Table 4.1.3- Major Road Light Replacement	Updated eight (8) Light Types resulting in Four (4) additional rows were added to the template, given eight (8) additional Light Types were nominated by Ergon Energy.
4.1 Public lighting	Table 4.1.3-Minor Road Light Replacement	Two (2) additional rows were added to the template, given the nomination of six (6) additional light types.
4.1 Public lighting	Table 4.1.3-Major Road Light Maintenance	Updated ten (10) Light Types resulting in Five (5) additional rows were added to the template with the nomination of ten (10) Light Types by Ergon Energy.
4.1 Public lighting	Table 4.1.3-Minor Road Light Maintenance	Six (6) Light Types were nominated by Ergon Energy which required two (2) additional rows to be added to the template.
5.2 Asset Age Profile	Table 5.2.1-SCADA, Network Control & Protection Systems by: Function	Inserted two (2) rows to accommodate Communications Site Infrastructure and Linear Assets.
5.2 Asset Age Profile	Table 5.2.1-Other By : DNSP Defined	Inserted four (4) rows to account for other asset categories: Current Transformers; Voltage Transformers; Capacitor Banks; Static Var Compensator
6.3 Sustained Interruptions	Table 6.3.1-Sustained Interruptions to supply (from 1 July 2008)	Inserted 208,868 rows to allow for complete data set relating to sustained interruptions to supply for the reporting period.

3.2.2 Data Integrity

Ergon Energy's 08/09-12/13 Category Analysis RIN response was required to be prepared in a very limited timeframe considering the inherently complex and onerous nature of the RIN, the reissue of revised / corrected templates and ongoing clarifications which were required to be taken into consideration after the RIN was first issued. An overlap with the delivery of an Economic Benchmarking RIN response and subsequent AER data review has also placed additional pressure on resources, impacting Ergon Energy's ability to respond.

Information requested was not able to be sourced from a single centralised system and most was unavailable without adopting a manually intensive process, or level of manipulation to achieve the dissemination required. A lot of information was not collected and has not historically been collected by Ergon Energy in the format or at the level of detail the AER was seeking and as the AER's purpose for use of

the information is not clear it has not been possible to ascertain if alternative reports or data searches would have assisted in supplying more useful information to the AER.

Significant work was required to perform necessary extraction, collation, analysis and disaggregating, and where necessary, estimation of data as relevant to the AER’s detailed, prescriptive formats according to definitions and requirements set out in the Category Analysis RIN. Furthermore, significant effort was required to document those methodologies employed in relation to data to allow assessment of the reasonableness of data and re-categorisations, sufficient to allow an auditor to form an opinion (especially where corroborating records were not available). This was particularly exacerbated given the complexity of data being requested and extensive cross dependence of financial and non-financial metrics.

Of note, where it has remained not possible to provide actual information in response to the Notice, Ergon Energy has provided estimated information and has used its best endeavours to produce the most appropriate estimate. The basis of estimate and reasons why they are the most appropriate estimates given requirements of the Notice, are outlined in Ergon Energy’s basis of preparation documents (refer Section 4).

While Ergon Energy has used its best endeavours to determine estimated values, the inherent limitations of such estimated data vis-a-vis actual data should be recognised. It should also be noted that the availability of details and information regarding the AER’s intended purposes and the importance of the underpinning assumptions will impact the usefulness of the data for the AER’s purposes.

Keeping in mind the implementation time required by NSPs where systems and processes are not currently in place to commence recording the data in the format required to meet requirements, the AER must acknowledge data gaps or estimations that will be required to occur for a period of time going forward whilst systems and process are reviewed, upgraded as relevant and/or new methodologies implemented. Forcing changes in unreasonable timeframes (if at all possible) will only serve to exacerbate any potential cost impost on the business and therefore customers. This is of particular concern whilst the AER data requirements in relation to methodologies for benchmarking and category analysis are yet to be tried and tested.

3.2.3 Key Information Systems Used

The table below gives a listing and brief description, of key information systems that Ergon Energy currently uses to provide its Distribution Services and which have been utilised in providing the information required in the templates (referred to as relevant in Basis of Preparation responses provided in section 4).

It is emphasised that this is not an exhaustive list of all of the information systems that Ergon Energy uses. For further explanations of specific processes and systems used to report RIN requirements refer to section 4 in this document.

Table 3-2: Key Information Systems used by Ergon Energy

System	Description
Artemis 7	Manages investment portfolio including project planning, scheduling and tracking, program and project governance and financial and resource management
DCOS Model	Distribution Cost of Supply (DCOS) Model is used in the network tariff setting process, where the output of the model is ‘forecast revenue’ for each customer group to be recovered via distribution tariffs. The DCOS Model output displays forecast revenues by geographic zones (East, West, Mount Isa) and customer categories (ICC, CAC, EG, SAC, UnMet&STL) with the Annual Charge disaggregated by Fixed Charge, Actual Demand Charge, Capacity Charge, and Volume Charge.

3. DATA TEMPLATES

System	Description
ECORP	<p>ECORPMAIN contains the network asset topology utilised by FeederStat, Connect, Switching Sheet Writer and reliability reporting apps. The ECORP model hierarchy is primarily manually maintained by Network Data Officers and Customer Connection Officers i.e. association of premises with substations.</p> <p>An automated process (GELO) exist which updates selected feeders (approx. 3 feeders) in ECORPMAIN from NETAPP-GISEP. The ECORPMAIN model contains network objects like substations and switches required to model network connectivity it does not contain other assets e.g. poles, conductors, streetlights etc.</p>
Ellipse	<p>Ellipse is a large Enterprise Resource Planning (ERP) application used to manage assets, works, finance, supply chain, logistics, human resources and payroll. This application represents the logical group of modules of the Ellipse application which support the Financial Management sub segment.</p> <p>Ellipse was commissioned on 4 September 2006 as the Management and Financial reporting tool. The chart of accounts structure includes a district code and four segments forming an account line of four alphabetic and seventeen numeric characters.</p> <p>District: Separate legal entities of Ergon Energy consisting of parent entity and subsidiaries;</p> <p>Responsibility Centre: Business unit groups responsible for revenues, expenses for a function/ location;</p> <p>Activity: Type of work being undertaken. Also used for balance sheet classification: asset, liability, equity and Work in Progress (WIP);</p> <p>Product: Product or service being provided, for example High Load Escort; and</p> <p>Element: the nature of the revenue received or expense incurred.</p> <p>Each revenue, cost element, asset and liability that when combined constitute the sum of Ergon Energy activities, and any associated adjustment to these, must have its origin in an audited Statutory Accounts</p>
FACOM	<p>Ergon Energy's Customer Information System (CIS) which contains customer and premises data. Ergon Energy Queensland's (EEQ) retail customers (Tier 1) and Ergon Energy Corporation Limited's distribution only accounts for Tier 2 (market) customers are managed in FACOM. EEQ's retail customers are billed from FACOM.</p> <p>Information can be extracted from this database using Ergon Energy's ECORP or NetBill applications.</p>
FeederStat	<p>Ergon Energy's outage management system. It pinpoints where a particular premise is located and what feeder or substation it is connected to. FeederStat is used when faults and outages are being analysed and facilitates the NCC logging fault related calls as they are received and providing information to customers on restoration times.</p> <p>FeederStat is the primary outage management system employed by Ergon Energy to capture, record, action and report: planned and unplanned outages. FeederStat was internally developed by Ergon Energy and is a common application used across all</p>

3. DATA TEMPLATES

System	Description
	sites with access to Oracle which is used to both input and extract outage data and information
NEMLink (MDP)	The Meter Data Provider's Market Gateway.
NetBill	Network Bill production for market and non-market customers.
ROAMES	<p>Remote Observation Automated Modelling Economic Simulation (ROAMES) LiDAR program. ROAMES technology originally developed by Ergon Energy and partner organisations creates precise, 3D geo-spatial representations of network assets such as substations, poles and wire infrastructure to be displayed in a Google Earth-like database. The sheer size of Ergon Energy's distribution area was a key motivator for finding smarter ways of managing the assets and the surrounding environment. It is anticipated that the information ROAMES provides will result in reduced maintenance and planning costs, while also increasing the safety and reliability of electricity supply for our customers and communities.</p> <p>The large volume of data captured during ROAMES flights is processed to enable reliable and precise measurement of Ergon Energy's electricity network and surrounding objects such as buildings, terrain and vegetation. Information is then used to create a precise, virtual representation of Ergon Energy's network infrastructure throughout Queensland, providing vital information for more effective and cost efficient vegetation maintenance and asset planning.</p> <p>From the 1 March 2014, this capability is supplied via a Service Level Agreement from an unrelated corporation called ROAMES Asset Services Pty Limited.</p>
Supervisory Control and Data Acquisition (SCADA)	While SCADA is a general term, it is used within Ergon Energy to refer specifically to the ABB system used for Network Operations.
Smallworld	A geographic information system used to manage the spatial location of assets.
Smallworld Oracle Replicated (SOREP) Spatial database.	Replicated version of Smallworld Electrical Data. Reference by Aires, Mapguide, Google Earth, Schematics etc.
Statistical Metering Database (SMDB)	Statistical Metering Database. Consists of Access databases maintained by Ergon Energy Planning department to capture the history of Ergon Energy's interval data for demand and weather (sourced from the Bureau of Meteorology data).

4. BASIS OF PREPARATION

Schedule 1 paragraph 1.2, Schedule 2 paragraph 1.2, Appendix E Principles and Requirements paragraph 3.1 – 3.6

4.1 Requirement

Schedule 1, paragraphs 1.2(a)-(b) of the Notice require Ergon Energy to provide in accordance to the Notice and the Principles and Requirements in Appendix E, a Basis or Preparation demonstrating how Ergon Energy has complied with the Notice, in respect of:

- information in each Regulatory Template in the Microsoft Excel Workbooks attached at Appendix A; and
- any other information prepared in accordance with the requirements of the Notice.

Schedule 2, paragraphs 1.2(a)-(d) of the Notice require Ergon Energy to prepare the Basis of Preparation in accordance with the requirements specified in Schedule 1. Specifically, the Basis of Preparation must:

- demonstrate how the information provided is consistent with the requirements of the Notice;
- explain the source from which Ergon Energy obtained the information provided; and
- explain the methodology Ergon Energy applied to provide the required information, including any assumptions Ergon Energy made.

In circumstances where Ergon Energy cannot provide input for a Variable using Actual Information and therefore must provide input using Estimated Information, Ergon Energy must also comment as to:

- why an estimate was required, including why it was not possible to use Actual Information; and
- the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is a best estimate, given the information sought in the Notice.

Ergon Energy may provide additional detail beyond the minimum requirements if Ergon Energy considers it may assist a user to gain an understanding of the information presented in the regulatory templates.

4.2 Basis of Preparation Applied By Ergon Energy

4.2.1 Addressing Minimum Requirements

The minimum requirements specified in the Notice are addressed for each of the variables or group of variables contained in the Category Analysis data templates, in the Basis of Preparation documents prepared by Ergon Energy and provided as attachments as summarised in Table 7-1: List of Attachments (Final Submission).

Unless otherwise noted, the following general comments are made as relevant to all templates or variables, in addressing the minimum requirements:

- Ergon Energy has to the best of its knowledge, complied with the requirements of the Notice so issued to Ergon Energy.
- In doing so, Ergon Energy has referred to Appendix E, Principles and Requirements and Appendix F, Definitions of the Notice.

4. BASIS OF PREPARATION

- Specifically (and as noted in relevant sections of attachments provided herein), Ergon Energy has referred to paragraph 1.3-1.5 Appendix E, Principles and Requirements, which indicates variables that may not be applicable to Ergon Energy as displayed by orange shading in the templates, for the initial regulatory years (2008/09-2012/13). Where relevant, cells have been shaded black rather than input information.
- For all yellow shaded cells, Ergon Energy has applied a set of logic questions to ensure compliance in line with the AER's intent for completion of templates (see p.15 of the Explanatory Statement). The text below indicates, in some instances, an input value (even zero) can be misleading and will result in inaccurate information therefore cells have been left blank rather than input information. In all other instances values have been input (with 'N/A' considered non-compliant):
 - Is the variable applicable to Ergon Energy (yes): Where logical and possible to provide input (yes), it has been provided else 'zero' is permissible e.g.: where a category of spend is relevant to Ergon Energy, but expenditure was not incurred during a year a zero been entered. Whereas maximum demand (weather adjusted or not) cannot be logically zero and should be left blank.
 - Is the variable applicable to Ergon Energy (no): Where logical input 'zero'. E.g. Ergon Energy does not have CBD feeders. Where 'zero' is not logical, leave blank.
 - If there is no actuals, but there are estimates (or actuals) for a variable, a zero was input in the actual (or estimates) sheet, only where the logical input was zero (alternatively was left blank).
- Ergon Energy also notes in relation to information provided for the Initial Regulatory Years, definitions and interpretations for "Actual Information" and "Estimated Information" have been applied throughout.
- Information has been reported for service categories: Standard Control Services (SCS) and Alternative Control Services (ACS) in accordance with Notice requirements and with reference to the Principles and Requirements and Definitions.
- As relevant (and as noted in relevant sections of attachments provided herein and summarised in Table 4-1 below), Ergon Energy has included any additional information required to be prepared in accordance with the Notice.
- Where relevant, regard has also been given to the *Better Regulation Explanatory Statement, Regulatory Information Notices to collect information for Category Analysis*, March 2014 though it is noted that in any instances of inconsistency, the Notice is taken to have precedence.
- Where relevant, regard has been given to ongoing clarifications provided by the AER to various NSPs in its Issues Register following the release of amended templates though it is noted that in any instances of inconsistency, the Notice is taken to have precedence.

4.2.2 Additional Requirements

The additional requirements noted in Table 4-1 were identified in the Notice issued to Ergon Energy, as being requirements that require provision of additional information or attachments over and above completed templates or Basis of Preparation.

Responses to these requirements are made as attachments to the applicable Basis of Preparation for templates as summarised in Table 7-1: List of Attachments (Final Submission).

4. BASIS OF PREPARATION

Table 4-1: Additional Requirements (Attachments to Basis of Preparation)

Notice Reference Paragraph	Requirement	Attachment(s) to Template BOP
2.4	<p>Ergon Energy must provide an excel spread sheet that contains the calculation of balancing items reported in Regulatory Template 2.1. At a minimum, this spread sheet must:</p> <p>(a) for each instance where an expenditure item is reported more than once (i.e. double counted), identify:</p> <ul style="list-style-type: none"> (i) where that instance is reflected in expenditure included in the Regulatory Templates (ii) the value of that expenditure in each Regulatory Template <p>(b) identify each instance where the Notice requires Ergon Energy to report Capex not on an “as-incurred” basis in Regulatory Templates 2.2 to 2.10 and, for the relevant expenditure item, list its corresponding value when expressed on an “as incurred” basis.</p>	Template 2.1 (1 attachment)
2.5	Ergon Energy must provide a reconciliation between the total capital and operating expenditure provided in the Regulatory Template 2.1 to the capital and operating expenditure recorded in Ergon Energy’s Regulatory Accounting Statements and Audited Statutory Accounts.	Template 2.1 (2 attachments)
7.2 (c)(i) 7.3 (c)(i)	Ergon Energy must provide any calculations used to convert real to nominal dollars or nominal to real dollars for all expenditure data on a project close basis in real dollars (\$2012–13).	Template 2.3 (1 attachment)
12.4	<p>Provide, on separate A4 sheets, maps showing:</p> <p>(a) each vegetation management zone; and</p> <p>(b) total network area with the borders of each vegetation management zone.</p>	Template 2.7 (4 attachments)

5. AUDIT AND REVIEW REPORTS

RIN - Schedule 1 paragraph 2, Schedule 2 paragraph 1.4, Appendix C, Audit and Review

5.1 Requirement

Schedule 1 paragraph 2 requires the provision of Audit Report(s) and Review Report(s) in accordance with the requirements of the Notice, Audit and Review at Appendix C.

Furthermore, Paragraph 1.4 of Schedule 2 requires Ergon Energy to prepare these reports, using a person(s) who satisfies the requirements of paragraph 2 of Appendix C, in accordance with the requirements of the Notice and the Audit and Review.

In addition Appendix C, paragraph 3 requires that Audit and reviews must be conducted in compliance with Australian Auditing and Assurance Standards, as developed by the Auditing and Assurance Standards Board.

The audit of Actual Financial Information in Microsoft Excel Workbooks as well as in the Basis of Preparation must comply with the Auditing Standard ASA 805 Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or items of a Financial Statement. In addition, the Audit Report must include an opinion as to whether or not the Financial Information provided is presented fairly in accordance with the requirements of the Notice and Ergon Energy's Basis of Preparation.

The review of the Estimated Financial Information In the Microsoft Excel Workbook as well as in the Basis of Preparation must comply with the ASRE 2405 Review of Historical Financial Information Other than a Financial Report; and the Review Report must include a conclusion as to whether or not anything has come to the Auditor's attention that causes it to believe that the estimated historical Financial Information is not, in all material respects, presented fairly in accordance with the requirements of this Notice and Ergon Energy's Basis of Preparation.

The review of the Non-financial Information in both the Microsoft Workbook and Basis of Preparation must comply with the ASAE 3000 Assurance engagements other than audits or reviews of historical financial information; and Regulatory Information Notice under Division 4 of Part 3 of the National Electricity Law. The Review Report must include a conclusion as to whether or not anything has come to the Auditor's attention that causes it to believe that the historical Nonfinancial Information is not, in all material respects, presented fairly in accordance with the requirements of this Notice and Ergon Energy's Basis of Preparation.

5.2 Response

Ergon Energy notes the Auditor-General of Queensland was appointed to audit both Financial and Non-Financial Information (actual or estimated) contained in Ergon Energy's 08/09-12/13 Category Analysis RIN and associated templates (as relevant) in accordance with the Audit scope at Appendix C of the RIN.

5. AUDIT AND REVIEW REPORTS

As required under Schedule 1 paragraph 1.4 of the Notice, Ergon Energy provides the following results of the abovementioned audits as attachments to this submission, namely the Audit Report(s) and Review Report(s) by Queensland Audit Office -:

- Audit Opinion (Financial Information) – Actual;
- Audit Report (Financial Information) – Estimated; and
- Audit Report (Non-Financial Information) - Actual / Estimated.

Refer to Table 7-1: List of Attachments (Final Submission).

Of note, Ergon Energy has incurred significantly increased audit costs given the AER's requirement for, and assurance of, far more extensive information to be prepared and provided (than previously prepared or reported to a regulator) in the Category Analysis RIN (along with the Economic Benchmarking and ongoing Annual Performance RINs).

The request for information spanning over the historical period, estimation of data, and interrelationship of financial and non-financial metrics served to exacerbate time / effort / cost issues for Ergon Energy and its auditors.

6. STATUTORY DECLARATION

RIN - Appendix B

6.1 Requirement

The AER requires Ergon Energy to verify information provided under the Notice, by way of a statutory declaration by an Officer of the Company in accordance with Appendix B to the Notice. A pro forma Statutory Declaration was provided in this regard.

Similar to the purview of the Audit scope, information subject to Statutory Declaration includes all financial and non-financial information, whether estimated or actual.

A signed Statutory Declaration relevant to the initial regulatory years is required to accompany a Final Submission to the AER's Notice.

6.2 Response

Ergon Energy herein provides a Statutory Declaration signed by an Officer of the Company of Ergon Energy Corporation Limited, as an attachment to this submission.

Refer to Table 7-1: List of Attachments (Final Submission).

7. APPENDIX A – LIST OF ATTACHMENTS

Table 7-1: List of Attachments

Title	Attachment
EECL 0913 CARIN_CON	Ergon Energy's 2008/09-2012/13 Category Analysis RIN Templates, Consolidated
EECL 0913 CARIN_EST	Ergon Energy's 2008/09-2012/13 Category Analysis RIN Templates, Estimated
EECL 0913 CARIN_ACT	Ergon Energy's 2008/09-2012/13 Category Analysis RIN Templates, Actual
EECL 0913 CARIN_QAO F(A)	Queensland Audit Office - Audit Opinion (Financial) – Actual.
EECL 0913 CARIN_QAO F(E)	Queensland Audit Office - Audit Report (Financial) – Estimated.
EECL 0913 CARIN_QAO NF(AE)	Queensland Audit Office - Audit Report (Non-Financial) – Actual/Estimated.
EECL 0913 CARIN_SDEC	Ergon Energy Corporation Limited, Officer of the Company - Statutory Declaration
Refer Table 7-2: Basis of Preparation	Template specific Basis of Preparations and Attachments

7. APPENDIX A – LIST OF ATTACHMENTS

Table 7-2: Basis of Preparation

	Template Name	BOP Attachment Name	BOP Associated Attachments	BOP Associated Attachment Name
2.1	Expenditure Summary	EECL 0913 CARIN_T2.1 EXPS	<ul style="list-style-type: none"> ▪ Duplications worksheet ▪ Reconciliation (RINs) ▪ Reconciliation (Statutory) 	EECL 0913 CARIN_T2.1 EXPS A1 EECL 0913 CARIN_T2.1 EXPS A2 EECL 0913 CARIN_T2.1 EXPS A3
2.2	Repex	EECL 0913 CARIN_T2.2 RPX		
2.3	Augex project data	EECL 0913 CARIN_T2.3 AGX	<ul style="list-style-type: none"> ▪ Real / Nominal Conversions 	EECL 0913 CARIN_T2.3 AGX A1
2.5	Connections	EECL 0913 CARIN_T2.6 CON		
2.6	Non Network	EECL 0913 CARIN_T2.6 NNW		
2.7	Vegetation Management	EECL 0913 CARIN_T2.7 VGMT	<ul style="list-style-type: none"> ▪ Region Map (Central) ▪ Region Map (Northern) ▪ Region Map (Southern) ▪ Region Map (Whole Network) 	EECL 0913 CARIN_T2.7 VGMT A1 EECL 0913 CARIN_T2.7 VGMT A2 EECL 0913 CARIN_T2.7 VGMT A3 EECL 0913 CARIN_T2.7 VGMT A4
2.8	Maintenance	EECL 0913 CARIN_T2.8 MNTC		
2.9	Emergency Response	EECL 0913 CARIN_T2.9 EMGR		
2.1	Overheads	EECL 0913 CARIN_T2.10 OVHD		
2.11	Labour	EECL 0913 CARIN_T2.11 LBR		
2.12	Input Tables	EECL 0913 CARIN_T2.12 INPUT		
4.1	Public Lighting	EECL 0913 CARIN_T4.1 PUBL		
4.2	Metering	EECL 0913 CARIN_T4.2 MTRG		
4.3	ACS - Fee Based	EECL 0913 CARIN_T4.3 ACSF		
4.4	ACS - Quoted services	EECL 0913 CARIN_T4.4 ACSQ		
5.2	Asset Age Profile	EECL 0913 CARIN_T5.2 AAP		
5.3	Max Demand - Network	EECL 0913 CARIN_T5.3 MXDN		
5.4	Max Demand & Utilisation – Spatial	EECL 0913 CARIN_T5.4 MXDUS		
6.3	Sustained Interruptions	EECL 0913 CARIN_T6.3 SINT		

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