

Attachment 6 – Reset RIN Response Table

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SCHEDULE 1 REQUIREMENT	REFERENCE
1 PROVIDE INFORMATION	
<p>1.1 Provide the information required in each <i>Regulatory template</i> in the Microsoft Excel Workbooks attached at Appendix A completed in accordance with:</p> <ul style="list-style-type: none"> a) <i>this Notice</i>; b) the instructions in the Microsoft Excel Workbooks attached at Appendix A; c) the Principles and Requirements in Appendix E; and d) <i>the service classifications set out in the framework and approach paper</i>. 	<p><i>RIN Response document</i> <i>Basis of Preparation</i></p>
<p>1.2 For information other than Forecast Information, provide in accordance with this <i>Notice</i> and the Principles and Requirements in Appendix E, a Basis of Preparation demonstrating Essential Energy has complied with this <i>Notice</i>, in respect of:</p> <ul style="list-style-type: none"> a) the information in each Regulatory template in the Microsoft Excel Workbooks attached at Appendix A; and b) <i>any other information prepared in accordance with the requirements of this Notice</i>. 	<p><i>RIN Response document</i> <i>Basis of Preparation</i></p>
<p>1.3 Provide any other supporting information or documentation that is directly relevant to the preparation of the <i>revenue proposal</i></p>	<p><i>RIN Response document</i> <i>Section 4 – “Building block proposal” of the SRP</i></p>
<p>1.4 Provide the applicable cost allocation methodology.</p>	<p><i>RIN Response document</i> <i>Attachment 5.10 – “Approved Cost Allocation Method” of the SRP</i></p>
<p>1.5 Provide for the purposes of the preparation of the <i>regulatory proposal</i>:</p> <ul style="list-style-type: none"> a) all <i>economic analysis</i> used to justify expenditure; 	<p><i>RIN Response document</i> <i>Investment Cases</i></p>
<ul style="list-style-type: none"> b) all consultants’ reports commissioned and relied upon in whole or in part; 	<p><i>Appendix E of RIN Response document lists all consultants reports</i></p>
<ul style="list-style-type: none"> c) all material assumptions relied upon; 	<p><i>RIN Response document</i> <i>Attachment 5.9 - “Key assumptions underlying capex and opex forecasts” of the SRP</i></p>
<ul style="list-style-type: none"> d) copies of the top ten contracts relating to the delivery of distribution services, by annual value, and any supporting information directly related to the procurement process for the services provided by these contracts (e.g. probity reports, Board minutes, tendering documents); and 	<p><i>RIN Response document</i> <i>Attachment 14 – “Top 10 & 6 veg mgmt. contracts” of the RIN Response</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
<p>e) <i>a table that references each response to a paragraph in this Schedule 1, where it is provided in or as part of the regulatory proposal.</i></p>	<p>Attachment 6 – “Reset RIN Response Table” of the SRP</p>
<p>1.6 Provide for each material assumption identified in the response to paragraph c):</p> <ul style="list-style-type: none"> a) its source or basis; b) if applicable, its quantum; c) whether and how the assumption has been applied and was taken into account; and d) <i>the effect or impact of the assumption on the capital and operating expenditure forecasts in the forthcoming regulatory control period taking into account:</i> <ul style="list-style-type: none"> (i) the actual expenditure incurred during the <i>current regulatory control period</i>; and (ii) the sensitivity of the forecast expenditure to the assumption 	<p>RIN Response document</p> <p>Section 5 – “Capital Expenditure” & Section 6 – “Operating Expenditure” of the SRP</p> <p>Attachment 5.9 – “Key assumptions underlying capex and opex forecasts” to the SRP</p>
<p>1.7 Capital and operating expenditure forecasts provided in the <i>regulatory templates</i> must be reconciled to the ex-ante capital and operating allowances in <i>Post-Tax Revenue Model</i> for the <i>forthcoming regulatory control period</i>.</p>	<p>RIN Response document</p> <p>Attachment 15 – “Substantive Proposal Review of Models” to the RIN Response</p>
<p>1.8 Where the regulatory proposal varies or departs from the application of any component or parameter of the capital efficiency sharing scheme, efficiency benefit sharing scheme, demand management incentive scheme or service target performance incentive scheme as set out in the <i>framework and approach paper</i>, for each variation or departure explain:</p> <ul style="list-style-type: none"> a) the reasons for the variation or departure, including why it is appropriate; b) how the variation or departure aligns with the objectives of the relevant scheme; and c) how the proposed variation or departure will impact the operation of the relevant scheme. 	<p>Section 3– “Our proposal in response to Stage 2 of the AER’s framework and approach” of the SRP</p> <p>Attachment 3.2– “Proposed application of STPIS” of the SRP</p>

SCHEDULE 1 REQUIREMENT	REFERENCE
2 CLASSIFICATION OF SERVICES	
<p>2.1 Identify each proposed service classification which departs from a service classification set out in the <i>framework and approach paper</i> in the <i>regulatory proposal</i> and explain:</p> <ul style="list-style-type: none"> a) the reasons for the departure, including why the proposed service classification is more appropriate; and b) <i>how the treatment of the service will differ under the proposed service classification in comparison to that in the framework and approach paper.</i> 	<p><i>RIN Response document</i></p> <p><i>Section 3– “Our proposal in response to Stage 1 of the AER’s framework and approach” of the SRP</i></p> <p><i>Attachment 3.1– “Essential Energy classification proposal” of the SRP</i></p>
<p>2.2 If the proposed service classifications in the <i>regulatory proposal</i> depart from any of the service classifications set out in the <i>framework and approach paper</i>:</p> <ul style="list-style-type: none"> a) provide, in a second set of regulatory templates, all information required in each regulatory template in accordance with the instructions contained therein, modified as necessary, to incorporate the proposed service classifications; and b) <i>identify and explain where the regulatory templates differ.</i> 	<p><i>RIN Response document</i></p> <p><i>Section 3– “Our proposal in response to Stage 1 of the AER’s framework and approach” of the SRP</i></p> <p><i>Attachment 3.1– “Essential Energy classification proposal” of the SRP</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
3 CONTROL MECHANISMS	
<p>3.1 For the proposed forecast revenues that Essential Energy estimates to recover from providing direct control services over the <i>forthcoming regulatory control period</i> provide:</p> <ul style="list-style-type: none"> a) formulaic expressions for the basis of control mechanisms for standard control services and for alternative control services; and b) a detailed explanation and justification for each component that makes up the formulaic expression. <p>3.2 Also demonstrate:</p> <ul style="list-style-type: none"> a) how Essential Energy considers the control mechanisms are compliant with the framework and approach paper; and b) for standard control services, how Essential Energy considers the control mechanisms are also compliant with clause 6.2.6 and part C of Chapter 6 of the NER. 	<p><i>RIN Response document</i></p> <p><u>Standard Control</u></p> <p><i>Section 3 – “Our proposal in response to Stage 1 of the AER’s framework and approach” & Section 9– “Pricing arrangements” of the SRP</i></p> <p><i>Attachment 9.2 – Demonstration of compliance with control mechanism” of the SRP</i></p> <p><u>Alternative Control</u></p> <p><i>Section 3 – “Our proposal in response to Stage 1 of the AER’s framework and approach” & Section 8 – “Alternative control services” of the SRP.</i></p> <p><i>Attachment 9.2 – Demonstration of compliance with control mechanism” of the SRP</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
4 STEP CHANGES	
<p>4.1 For all <i>Step changes</i> in forecast expenditure (including those due to changes in <i>regulatory obligations or requirements</i> and those due to changes in Essential Energy's own policies and strategies) provide:</p> <p>a) in Table 2.17.1 and Table 2.17.2 (and, if Essential Energy owns any dual function assets, Table 2.17.3 and Table 2.17.4) of regulatory template 2.17, the quantum of the <i>Step change</i> Essential Energy:</p> <ul style="list-style-type: none"> (i) forecasts to incur in each year of the <i>forthcoming regulatory control period</i>; (ii) if applicable, has incurred, or expects to incur, in the <i>current regulatory control period</i> relative to expenditure previously approved by the AER; and 	<p><i>RIN Response</i> document Tables 2.17.1 and 2.17.2 of the RIN.</p>
<p>b) a description of the <i>step change</i></p>	<p><i>RIN Response</i> document</p>
<p>4.2 Provide an explanation of:</p> <ul style="list-style-type: none"> a) when the change occurred, or is expected to occur; b) what the driver of the <i>Step change</i> is; c) <i>how the driver has changed or will change (for example, revised legislation may lead to a change in a regulatory obligation or requirement); and</i> d) <i>whether the Step change is recurrent in nature;</i> 	<p><i>RIN Response</i> document</p>
<p>4.3 Provide justification for when, and how, the <i>Step change</i> affected, or is expected to affect:</p> <ul style="list-style-type: none"> a) the relevant <i>opex category</i>; b) <i>the relevant capex category</i>; c) total <i>opex</i>; and d) total <i>capex</i>; 	<p><i>RIN Response</i> document</p>
<p>4.4 Provide the process undertaken by Essential Energy to identify and quantify the <i>Step change</i>; provide cost benefit analysis that demonstrates Essential Energy proposes to address the <i>Step change</i> in a prudent and efficient manner, including:</p> <ul style="list-style-type: none"> a) the timing of the <i>Step change</i>; and b) if Essential Energy considered a 'do nothing' option, evidence of how Essential Energy assessed the risks of this option compared with other options; 	<p><i>RIN Response</i> document</p>
<p>4.5 Provide, if the <i>Step change</i> is due to a change in a regulatory obligation or requirement:</p> <ul style="list-style-type: none"> a) relevant variations or exemptions granted to Essential Energy during the previous regulatory control period or the current regulatory control period; b) <i>relevant compliance audits Essential Energy conducted during the previous regulatory control period or the current regulatory control period</i>; 	<p><i>RIN Response</i> document</p>
<p>4.6 with reference to specific clauses of the relevant legislative instrument(s), the:</p> <ul style="list-style-type: none"> (i) previous regulatory obligation or requirement; and (ii) changed regulatory obligation or requirement that is driving the <i>Step change</i>. 	<p><i>RIN Response</i> document</p>

SCHEDULE 1 REQUIREMENT	REFERENCE
5 CAPITAL EXPENDITURE	
General	
<p>5.1 Provide justification for Essential Energy’s total <i>forecast capex</i>, including:</p> <ul style="list-style-type: none"> a) why the total <i>forecast capex</i> is required for Essential Energy to achieve each of the objectives in clause 6.5.7(a) of the NER; b) how Essential Energy’s total <i>forecast capex</i> reasonably reflects each of the criteria in clause 6.5.7(c) of the NER; c) how Essential Energy’s total <i>forecast capex</i> accounts for the factors in clause 6.5.7(e) of the NER; 	<p>RIN Response document</p> <p>Attachment 5.3 - “Addressing the capex and opex objectives, criteria and factors” of the SRP</p>
<ul style="list-style-type: none"> d) an explanation of how the plans, policies, <i>procedures</i> and <i>regulatory obligations or requirements</i> identified in <i>regulatory templates</i> 7.1 and 7.3, and consultants reports, economic analysis and assumptions identified in 1.5 have been incorporated; and 	<p>RIN Response document</p> <p><u>SRP attachments:</u></p> <p>Attachment 5.2 – “Network Asset Management Plan”</p> <p>Attachment 5.3 – “Addressing the capex and opex objectives, criteria and factors”</p> <p>Attachment 6.1 – “Operating Expenditure Strategy”</p> <p>Attachment 6.2 – “Corporate Overhead Strategy”</p> <p>Attachment 6.3 – “Divisional Overhead Strategy”</p> <p>Asset Management Plans</p> <p>Strategy documents</p> <p>Non-System Business Plans</p> <p>Business Plan</p> <p>Investment Cases.</p>
<ul style="list-style-type: none"> e) an explanation of how each response provided to paragraph 5.1 is reflected in any increase or decrease in expenditures or volumes, particularly between the current and forthcoming regulatory control periods, provided in regulatory templates 2.1 to 2.12. 	<p>RIN Response document</p> <p><u>SRP attachments:</u></p> <p>Asset Management Plans</p> <p>Strategy documents,</p> <p>Investment Cases</p> <p>Business Plans</p>

SCHEDULE 1 REQUIREMENT	REFERENCE
<p>5.2 Provide the model(s) and methodology Essential Energy used to develop its total forecast capex, including;</p> <p>a) A description of how Essential Energy prepared the forecast capex, including:</p> <p>(i) how its preparation differed or related to budgetary, planning and governance processes used in the normal running of Essential Energy's business;</p>	<p><i>RIN Response document</i></p> <p><i>Section 2 – “Our Customers” & Section 5 – “Capital Expenditure” of the SRP</i></p> <p><i>Attachment 23 – “ROMO Model” to the RIN Response</i></p>
<p>(i) the processes for ensuring amounts are free of error and other quality assurance steps; and</p>	<p><i>RIN Response document</i></p> <p><i>Attachment 15 – “Substantive Proposal Review of Models” to the RIN Response</i></p>
<p>(ii) if and how Essential Energy considered the resulting amounts, when translated into price impacts, were in the long term interest of consumers.</p>	<p><i>RIN Response document</i></p>
<p>b) any source material used (including models, documentation or any other items containing quantitative data): and</p>	<p><i>RIN Response document</i></p> <p><u>SRP Attachments:</u></p> <p><i>Asset Management Plans</i></p> <p><i>Strategy documents</i></p> <p><i>Investment Cases</i></p> <p><i>Business Plans</i></p>
<p>c) all calculations that demonstrate how data from the source material has been manipulated or transformed to generate data provided in the regulatory templates.</p>	<p><i>RIN Response document</i></p> <p><i>Attachment 23 – “ROMO Model” to the RIN Response</i></p> <p><u>SRP Attachments:</u></p> <p><i>Basis of Preparation</i></p> <p><i>Asset Management Plans</i></p> <p><i>Investment Cases</i></p> <p><i>Business Plans</i></p>
<p>5.3 Identify which items of Essential Energy's forecast capex have been:</p> <p>a) derived directly from competitive tender processes;</p> <p>b) based upon competitive tender processes for similar projects;</p> <p>c) based upon estimates obtained from contractors or manufacturers;</p> <p>d) based upon independent benchmarks;</p> <p>e) based upon actual historical costs for similar projects; and</p> <p>f) reflective of any amounts for risk, uncertainty or other unspecified contingency factors, and if so, how these amounts were calculated and deemed reasonable.</p>	<p><i>RIN Response document</i></p> <p><u>SRP attachments:</u></p> <p><i>Planning Reports</i></p> <p><i>Asset Management Plans</i></p> <p><i>Strategy documents</i></p> <p><i>Investment Cases</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
<p>5.4 Provide all documents which were taken into account and relate to the deliverability of forecast capex and explain the proposed deliverability.</p>	<p>RIN Response document <u>SRP attachments:</u> <i>Attachment 5.2 – “Network Asset Management Plan”</i> <i>Asset Management Plans</i> <i>Non system Business plans</i></p>
<p>Capex categories</p> <p>5.5 Describe each capex category and expenditures comprising these categories identified in the regulatory templates, including:</p> <p>a) key drivers for expenditure;</p>	<p>RIN Response document Section 5 – “Capital expenditure” of the SRP <u>SRP Attachments:</u> <i>Attachment 5.2 – “Network Asset Management Plan”</i> <i>Asset Management Plans</i> <i>Investment Cases</i></p>
<p>b) an explanation of how expenditure is distinguished between:</p> <p>(i) demand driven and non-demand driven augmentation capital expenditure;</p>	<p>RIN Response document</p>
<p>(ii) connections expenditure and augmentation capital expenditure;</p>	<p>RIN Response document Section 2.5 of Basis of Preparation</p>
<p>(iii) replacement capital expenditure driven by condition and asset replacements driven by other drivers (e.g. the need for demand or non-demand driven augmentation capital expenditure); and</p>	<p>RIN Response document <u>SRP Attachments:</u> <i>Asset Management Plans</i> <i>Investment Cases</i></p>
<p>(iv) any other capex category or opex category where Essential Energy considers that there is reasonable scope for ambiguity in categorisation.</p>	<p>RIN Response document</p>

SCHEDULE 1 REQUIREMENT	REFERENCE
6 REPLACEMENT CAPITAL EXPENDITURE MODELLING	
<p>6.1 In relation to information provided in <i>regulatory templates 2.2 and 5.2</i> and with respect to the AER’s <i>repex model</i>, provide:</p> <p>a) In relation to individual asset categories set out in the regulatory templates, provide in a separate document:</p> <p>(i) a description of the asset category, including:</p> <p>(A) the assets included and any boundary issues (i.e. with other asset categories);</p> <p>(B) an explanation of how these matters have been accounted for in determining quantities in the age profile;</p> <p>(C) an explanation of the main drivers for replacement (e.g. condition, etc.); and</p> <p>(D) an explanation of whether the replacement unit cost provides for a complete replacement of the asset, or some other activity, including an extension of the asset’s life (e.g. pole staking) and whether the costs of this extension or other activity are capitalised or not.</p>	<p><i>RIN Response document Sections 2.2 and 5.2 of the Basis of Preparation</i></p> <p><u>SRP attachments:</u></p> <p><i>Asset Management Plans</i></p> <p><i>Investment Cases</i></p>
<p>(ii) an estimate of the proportion of assets replaced for each year of the <i>current regulatory control period</i>, due to:</p> <p>(A) aging of existing assets (e.g. condition, obsolesce, etc) that should be largely captured by this form of replacement modelling;</p> <p>(B) replacements due to other factors (and a description of those factors);</p> <p>(C) additional assets due to the augmentation, extension, development of the network; and</p> <p>(D) additional assets due to other factors (and a description of those factors).</p>	<p><i>RIN Response document Sections 2.2 and 5.2 of the Basis of Preparation</i></p>
<p>b) Justification for the <i>replacement life</i> statistics provided (the mean and standard deviation), including:</p> <p>(i) the methodology, data sources and assumptions used to derive the statistics;</p> <p>(ii) the relationship to historical replacement lives for that asset category; and</p> <p>(iii) Essential Energy’s views on the most appropriate probability distribution to simulate the replacement needs of that asset category, including matters such as:</p> <p>(A) the appropriateness of the normal distribution or another distribution (e.g. the Weibull distribution);</p> <p>(B) the typical age when the “wear out” phase becomes evident;</p> <p>(C) the “skewness” of the distribution; and</p> <p>(D) the process applied to verify that the parameters are a reasonable estimate of the life for the asset category.</p>	<p><i>RIN Response document</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
<p>c) The derivation of replacement unit costs and asset lives, including any internal documentation or analysis or independent benchmarking, that justifies or supports its cost data. This must cover:</p> <p>(i) the methodology, data sources and assumptions used to derive the cost data;</p>	<p><i>RIN Response</i> document <i>Section 2.2 of the Basis of Preparation</i> <u>SRP attachments:</u> <i>Asset Management Plans</i> <i>Investment Cases</i></p>
<p>(ii) the possibility of double-counting costs in the estimate, and the process applied to ensure this is appropriately accounted for;</p>	<p><i>RIN Response</i> document <i>Investment Cases</i></p>
<p>(iii) the variability in the unit costs between individual asset replacements, and the main drivers of the variability;</p>	<p><i>RIN Response</i> document <u>SRP attachments:</u> <i>Asset Management Plans</i> <i>Investment Cases</i></p>
<p>(iv) the relationship of the unit cost, and its derivation, to historical replacement costs for that asset category (this should clearly differentiate and quantify any assumed cost difference due to labour/material price changes and other factors);</p> <p>(v) the process applied to verify that the parameter is a reasonable estimate of the unit cost for the asset category; and</p> <p>(vi) identify and provide information or documentation to justify and support any responses to c) above.</p>	<p><i>RIN Response</i> document <i>Investment Cases</i></p>
<p>d) <i>For the previous, current and forthcoming regulatory control periods, explain the drivers or factors that have affected changing network replacement expenditure requirements. Identify and quantify the relative effect of individual matters within the following categories:</i></p> <p>(i) rules, codes, license conditions, statutory requirements;</p> <p>(ii) internal planning and asset management approaches;</p> <p>(iii) measurable asset factors that affect the need for expenditure in this category (e.g. age profiles, risk profiles, condition trend, etc.). Identify and quantify individual factors;</p> <p>(iv) the external factors that can be forecast and the outcome measured (e.g. demand growth, <i>customer numbers</i>) that affect the need for expenditure in this category. Identify and quantify individual factors, covering the forecasts and the outcome (external factors to be discussed here do not relate to changing obligations which are covered in paragraph Error! Reference source not found.);</p> <p>(v) technology/solutions to address needs, covering:</p> <p>(A) network; and</p> <p>(B) non-network.</p> <p>(vi) any other significant matters.</p> <p>The information provided above should at least distinguish between the asset categories defined above.</p> <p>(vii) Identify and provide information or documentation to justify and support any responses to d) above.</p>	<p><i>RIN Response</i> document <i>Sections 2.2 and 5.2 of the Basis of Preparation.</i> <u>SRP attachments:</u> <i>Planning reports</i> <i>Asset Management Plans</i> <i>Investment Cases</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
7 AUGMENTATION CAPITAL EXPENDITURE MODELLING	
<p>7.1 Any instructions in this <i>Notice</i> relating to the <i>augex model</i> must be read in conjunction with the <i>augex model</i> guidance document available on the AER's website.</p> <p>7.2 In relation to information provided in <i>regulatory template 2.4</i> and with respect to the AER's <i>augex model</i>, provide:</p> <p>a) Separately for sub-transmission lines, sub-transmission and zone substations, HV feeders and distribution substations, Essential Energy must explain how it:</p> <p>(i) Prepared the <i>maximum demand</i> data (weather corrected at 50 per cent <i>probability of exceedance</i>; see Schedule 2 for further guidance) provided in the asset status tables (tables 2.4.1 to 2.4.4), including where relevant:</p> <p>(A) how this value relates to the <i>maximum demand</i> that would be used for normal planning purposes;</p> <p>(B) whether it is based upon a measured value, and if so, where the measurement point is and how abnormal operating conditions are allowed for;</p> <p>(C) whether it is based on estimated (rather than actual measured) demand, and if so, the basis of this estimation process and how it is validated; and</p> <p>(D) The relationship of the values provided to <i>raw unadjusted maximum demand</i>; and the relationship of the values provided to the values that could be expected from weather corrected <i>maximum demand</i> measures that reflect a 10 per cent <i>probability of exceedance</i> year.</p>	<p><i>RIN Response</i> document</p> <p>Section 2.4.1 through to Section 2.4.4 of the <i>Basis of Preparation</i></p>
<p>(ii) Determined the rating data provided in the asset status tables (tables 2.4.1 to 2.4.4), including where relevant:</p> <p>(A) the basis of the calculation of the ratings in that segment, including asset data measured and assumptions made; and</p> <p>(B) the relationship of these ratings with Essential Energy's approach to operating and planning the network. For example, if alternative ratings are used to determine the <i>augmentation</i> time, these should be defined and explained.</p> <p>(iii) Determined the growth rate data provided in the asset status tables (tables 2.4.1 to 2.4.4). This should clearly indicate how these rates have been derived from <i>maximum demand</i> forecasts or other load forecasts available to Essential Energy.</p>	<p><i>RIN Response</i> document</p> <p>Section 2.4.1 through to Section 2.4.4 of the <i>Basis of Preparation</i>.</p>

SCHEDULE 1 REQUIREMENT	REFERENCE
<p>b) In relation to the capex-capacity table (table 2.4.6), Essential Energy must explain:</p> <ul style="list-style-type: none"> (i) the types of cost and activities covered. Clearly indicate what non-field analysis and management costs (i.e. direct overheads) are included in the <i>capex</i> and what proportion of <i>capex</i> these cost types represent; (ii) how it determined and allocated <i>actual capex</i> and capacity to each of the segment groups, covering: <ul style="list-style-type: none"> (A) the process used, including assumptions, to estimate and allocate expenditure where this has been required; and (B) the relationship of internal financial and/or project recording categories to the segment groups and process used. (iii) how it determined and allocated <i>estimated/forecast capex</i> and capacity to each of the segment groups, covering: <ul style="list-style-type: none"> (A) the relationship of this process to the current project and program plans; and (B) any other higher-level analysis and assumptions applied. 	<p><i>RIN Response document</i> <i>Section 1.8 & Section 2.4.6 of the Basis of Preparation</i></p>
<p>c) Describe the types of projects and programs Essential Energy has allocated to the unmodelled augmentation categories in table 2.4.6, covering:</p> <ul style="list-style-type: none"> (i) the proportion of unmodelled <i>augmentation capex</i> due to this project or program type; (ii) the primary drivers of this <i>capex</i>, and whether in Essential Energy's view, there is any secondary relationship to <i>maximum demand</i> and/or utilisation; and (iii) whether the outcome of such a project or program, whether intended or not, should be an increase in the capability of the <i>network</i> to supply <i>customer</i> demand at similar service levels, or the improvement in service levels for a similar <i>customer</i> demand level. 	<p><i>RIN Response document</i> <i>Section 2.4.6 of the Basis of Preparation</i></p>
<p>d) Separately for each network segment that Essential Energy defined in the model segment data table (2.4.5):</p> <ul style="list-style-type: none"> (i) Describe the <i>network</i> segment, including: <ul style="list-style-type: none"> (A) the boundary with other connecting <i>network</i> segments; and (B) the main reasoning for the individual segment (e.g. as opposed to forming a more aggregate segment). (ii) Explain the utilisation threshold statistics provided (i.e. the mean and standard deviation), including: <ul style="list-style-type: none"> (A) the methodology, data sources and assumptions used to derive the parameters; (B) the relationship to internal or external planning criteria that define when an <i>augmentation</i> is required; (C) the relationship to actual historical utilisation at the time that <i>augmentations</i> occurred for that asset category; (D) Essential Energy's views on the most appropriate probability distribution to simulate the <i>augmentation</i> needs of that <i>network</i> segment; and (E) the process applied to verify that the parameters are a reasonable estimate of utilisation limit for the <i>network</i> segment. 	<p><i>RIN Response document</i> <i>Section 2.4.5 of the Basis of Preparation</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
<p>(iii) Explain the <i>augmentation</i> unit cost and capacity factor provided, including:</p> <ul style="list-style-type: none"> (A) the methodology, data sources and assumptions used to derive the parameters; (B) the relationship of the parameters to actual historical <i>augmentation</i> projects, including the capacity added through those projects and the cost of those projects; (C) the possibility of double-counting in the estimates, and processes applied to ensure that this is appropriately accounted for (e.g. where an individual project may add capacity to various segments); and (D) the process applied to verify that the parameters are a reasonable estimate for the <i>network</i> segment. 	<p><i>RIN Response</i> document Section 2.4.5 of the <i>Basis of Preparation</i></p>
<p>e) Explain the significant factors Essential Energy considers may result in different <i>augmentation</i> requirements between itself and other NEM DNSPs, faced with similar asset utilisation and maximum demand growth. Clearly differentiate between those factors that may result in differences between Essential Energy and other DNSPs in the NEM. The explanation should clearly indicate those factors that may impact:</p> <ul style="list-style-type: none"> (i) the maximum achievable utilisation of assets for Essential Energy; and (ii) the likely <i>augmentation</i> project and/or cost. <p>For each significant factor discussed, Essential Energy must indicate relevant model segments and estimate the impact these factors will have on its <i>augmentation</i> levels and associated <i>capex</i> compared to other DNSPs.</p>	<p><i>RIN Response</i> document</p>

SCHEDULE 1 REQUIREMENT	REFERENCE
8 DEMAND AND CUSTOMER NUMBER FORECASTS	
<p>8.1 Provide and describe the methodology used to prepare the following forecasts:</p> <p>a) maximum demand; and</p>	<p><i>RIN Response document</i></p> <p><i>Section 3.4.3 & Section 5.4.1 of the Basis of Preparation</i></p> <p><i>Attachment 5.13 – “CEOP2084 Electricity Network demand Forecasting” to the SRP</i></p>
<p>b) <i>number of new connections.</i></p>	<p><i>RIN Response document</i></p> <p><i>Section 2.5 of the Basis of Preparation</i></p> <p><i>Attachment 4.5 – “Consumption forecasts” to the SRP</i></p>
<p>8.2 Provide:</p> <p>a) the model(s) Essential Energy used to forecast customer numbers and maximum demand;</p>	<p><i>RIN Response document</i></p> <p><u>SRP Attachments:</u></p> <p><i>Attachment 4.5 – “Consumption forecasts”</i></p> <p><i>Attachment 5.13 – “CEOP2084 Electricity Network demand Forecasting”</i></p>
<p>b) <i>where Essential Energy’s approach to weather correction has changed, provide historically consistent weather corrected maximum demand data, as per the format in regulatory templates 5.3 and 5.4 using Essential Energy’s current approach. If this data is unavailable, explain why;</i></p>	<p><i>RIN Response document</i></p>
<p>c) <i>for number of new connections, volume data requested in regulatory template 2.5; and</i></p>	<p><i>RIN Response document</i></p> <p><i>Section 2.5 of the Basis of Preparation</i></p>
<p>d) <i>any supporting information or calculations that illustrate how information extracted from Essential Energy forecasting model(s) reconciles to, and explains any differences from, information provided in regulatory templates 2.5, 5.3 and 5.4.</i></p>	<p><i>RIN Response document</i></p>
<p>8.3 For each of the methodologies provided and described in response to paragraph 8.1, and, where relevant, data requested under b) and c), explain:</p> <p>a) the models used;</p> <p>b) a global (or top-down) and spatial (bottom-up) forecasting processes;</p> <p>c) the inputs and assumptions used in the models (including in relation to economic growth, customer numbers and policy changes and provide any associated models or data relevant to justifying these inputs and assumptions);</p>	<p><i>RIN Response document</i></p> <p><i>Sections 2.5, 3.4.2, 6.2.4 and 5.4 of the Basis of Preparation</i></p>
<p>d) <i>the weather correction methodology, how weather data has been used, and how Essential Energy’s approach to weather correction has changed over time;</i></p>	<p><i>RIN Response document</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
e) <i>an outline of the treatment of block loads, transfers and switching within the forecasting process;</i>	<i>RIN Response document</i>
f) <i>any appliance models, where used, or assumptions relating to average customer energy usage (by customer type);</i>	<i>RIN Response document</i> <i>Section 3.4.1 of the Basis of Preparation</i> <i>Attachment 4.5 - "Consumption forecasts" of the SRP</i>
g) <i>how the forecasting methodology used is consistent with, and takes into account, historical observations (where appropriate), including any calibration processes undertaken within the model (specifically whether the load forecast is matched against actual historical load on the system and substations);</i> h) <i>how the resulting forecast data is consistent across forecasts provided for each network element identified in regulatory template 5.4 and system wide forecasts;</i>	<i>RIN Response document</i>
i) <i>how the forecasts resulting from these methods and assumptions have been used in determining the following:</i> (i) <i>capital expenditure forecasts; and</i> (ii) <i>operating and maintenance expenditure forecasts.</i>	<i>RIN Response document</i> <i>Sections 2.5, 3.4.2, 6.2.4 and 5.4 of the Basis of Preparation</i>
j) <i>whether Essential Energy used the forecasting model(s) it used in the joint planning process for the purposes of its regulatory proposal;</i> k) <i>whether Essential Energy forecasts both coincident and non-coincident maximum demand at the feeder, connection point, subtransmission substation and zone substation level, and how these forecasts reconcile with the system level forecasts (including how various assumptions that are allowed for at the system level relate to the network level forecasts);</i> l) <i>whether Essential Energy records historic maximum demand in MW, MVA or both;</i> m) <i>the probability of exceedance that Essential Energy uses in network planning;</i> n) <i>the contingency planning process, in particular the process used to assess high system demand;</i> o) <i>how risk is managed across the network, particularly in relation to load sharing across network elements and non-network solutions to peak demand events;</i> p) <i>whether and how the maximum demand forecasts underlying the regulatory proposal reconcile with any demand information or related planning statements published by AEMO, as well as forecasts produced by any transmission network service providers connected to Essential Energy's network;</i> q) <i>how the normal and emergency ratings are used in determining capacity for individual zone substations and sub-transmission lines;</i>	<i>RIN Response document</i>

SCHEDULE 1 REQUIREMENT	REFERENCE
<p>r) where Essential Energy proposes to commence or continue a Demand-Related Capex Project or Program during the Forthcoming regulatory control period on a HV feeder:</p> <ul style="list-style-type: none"> (i) for each feeder from the <i>zone substation</i> that is the connecting <i>zone substation</i> for the relevant <i>HV feeder</i>, and any other feeders that the relevant <i>HV feeder</i> can transfer load to or from: <ul style="list-style-type: none"> (A) assumed future load transfers between feeders; (B) assumed feeder underlying load growth rates (exclusive of <i>transfers</i> and specific <i>customer</i> developments); and (C) assumed <i>block loads</i>, and associated demand assumptions; (ii) existing <i>embedded generation</i> capacity, and associated assumptions on the impact on demand levels; (iii) assumed future <i>embedded generation</i> capacity, and associated assumptions on the impact on demand levels; (iv) existing non-network solutions, and the associated assumptions on the impact on demand levels; (v) assumed future non-network solutions, and associated assumptions on the impact on demand levels; and (vi) the diversity between feeders; 	<p><i>RIN Response</i> document</p>
<p>s) where Essential Energy proposes to commence or continue a Demand-Related Capex Project or Program during the Forthcoming regulatory control period on a zone substation (or relevant substations for a sub-transmission line):</p> <ul style="list-style-type: none"> (i) assumed future load transfers between related substations; (ii) assumed underlying load growth rates (exclusive of <i>transfers</i> and specific <i>customer</i> developments); (iii) assumed specific <i>customer</i> developments, and associated demand assumptions; (iv) existing <i>embedded generation</i> capacity, and associated assumptions on the impact on demand levels; (v) assumed future <i>embedded generation</i> capacity, and associated assumptions on the impact on demand levels; (vi) existing non-network solutions, and the associated assumptions on the impact on demand levels; (vii) assumed future non-network solutions, and associated assumptions on the impact on demand levels; and (viii) diversity with related substations. 	<p><i>RIN Response</i> document</p>
<p>8.4 Provide:</p> <ul style="list-style-type: none"> a) evidence that any independent verifier engaged has examined the reasonableness of the method, processes and assumptions in determining the forecasts and has sufficiently capable expertise in undertaking a verification of forecasts; and b) all documentation, analysis and models evidencing the results of the independent verification. 	<p><i>RIN Response</i> document</p> <p><i>Attachment 15 – “Substantive Proposal Review of Models” & Attachment 19 – “Review of Essential Energy’s spatial demand forecast methodologies” to the RIN Response</i></p> <p><i>Attachment 4.5 – “Consumption forecasts” of the SRP</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
9 CONNECTIONS EXPENDITURE REQUIREMENTS	
<p>9.1 Provide and describe the methodology and assumptions used to prepare the forecasts of <i>connection</i> works as part of the <i>connections</i> program, including:</p> <ul style="list-style-type: none"> a) Estimation of connection unit costs for each customer type; and b) <i>Connection volumes for each customer type.</i> 	<p><i>RIN Response</i> document</p>
<p>9.2 Essential Energy must provide the estimation of customer contributions based upon the estimated life and revenue to be recovered from connection assets, including:</p> <ul style="list-style-type: none"> a) the expected life of the connection; b) <i>the average consumption expected by the customer over the life of the connection; and</i> c) <i>any other factors that influence the expected recovery of the distribution network use of system charge to customers.</i> 	<p><i>RIN Response</i> document</p> <p>Attachment 5.8 – “<i>Connection Requirements Policy CEOP 2513.06</i>” to the SRP</p>

SCHEDULE 1 REQUIREMENT	REFERENCE
10 OPERATING AND MAINTENANCE EXPENDITURE	
<p>Total forecast operating and maintenance expenditure (opex)</p> <p>10.1 Provide:</p> <p>a) the model(s) and the methodology Essential Energy used to develop its total forecast opex;</p>	<p><i>RIN Response document</i></p> <p><i>Attachment 23 – “ROMO Model” & Attachment 20 – “OPEX AMP Worksheet” to the RIN Response</i></p> <p><i>Section 6 – “Operating Expenditure” of the SRP</i></p> <p><u>SRP Attachments:</u></p> <p><i>Attachment 6.1 “System Opex Strategy”</i></p> <p><i>Asset Management Plans</i></p>
<p>b) justification for Essential Energy’s total forecast opex, including:</p> <p>(i) why the total forecast opex is required for Essential Energy to achieve each of the objectives in clause 6.5.6(a) of the NER;</p> <p>(ii) how Essential Energy’s total forecast opex reasonably reflects each of the criteria in clause 6.5.6(c) of the NER; and</p> <p>(iii) how Essential Energy’s total forecast opex accounts for the factors in clause 6.5.6(e) of the NER;</p>	<p><i>RIN Response document</i></p> <p><i>Attachment 5.3 - “Addressing the capex and opex objectives, criteria and factors” to the SRP</i></p>
<p>10.2 Provide:</p> <p>a) the quantum of non-recurrent costs for each year of the <i>forthcoming regulatory control period</i>; and</p> <p>b) an explanation of each non-recurrent cost;</p>	<p><i>RIN Response document</i></p>
<p>10.3 if Essential Energy used a revealed cost <i>Base year</i> approach to develop its total forecast opex, provide:</p> <p>a) the <i>Base year</i> Essential Energy used; and</p> <p>b) explanation and justification for why that <i>Base year</i> represents efficient and recurrent costs;</p>	<p><i>RIN Response document</i></p> <p><i>Section 6 – “Operating Expenditure” of the SRP</i></p>
<p>10.4 If Essential Energy did not use a revealed cost <i>Base year</i> approach to develop its total forecast opex, provide:</p> <p>a) forecast expenditure by <i>Opex Category</i> for each year of the <i>forthcoming regulatory control period</i> in:</p> <p>(i) Table 2.16.2 for standard control services opex; and</p> <p>(ii) if Essential Energy owns any dual function assets, Table 2.16.4 for dual function assets opex;</p>	<p><i>RIN Response document</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
<p>b) in Microsoft Excel format, clear reconciliation (including all calculations and formulae) of Essential Energy's total forecast opex to:</p> <ul style="list-style-type: none"> (i) forecast <i>standard control services</i> opex by driver in Table 2.16.1; (ii) forecast <i>standard control services</i> opex by <i>Opex Category</i> in Table 2.16.2; and (iii) if Essential Energy owns any <i>dual function assets</i>, Table 2.16.3 and Table 2.16.4 for <i>dual function assets</i> opex by <i>Opex Category</i> and driver, respectively; <p>c) explanation of major drivers for the increases and decreases in expenditure by <i>Opex Category</i> in the forthcoming regulatory control period compared to actual historical expenditure;</p> <p>d) explanation and justification for:</p> <ul style="list-style-type: none"> (i) whether Essential Energy considers there is a year of historic opex that represents efficient and recurrent costs; or (ii) why Essential Energy considers no year of historic opex represents efficient and recurrent costs. 	<p><i>RIN Response</i> document</p>
<p>Output growth</p> <p>10.5 Provide the amount of total forecast opex attributable to output growth changes for each year of the <i>forthcoming regulatory control period</i> in:</p> <ul style="list-style-type: none"> a) Table 2.16.1 for standard control services opex; and b) if Essential Energy owns any dual function assets, Table 2.16.3 for dual function assets opex; 	<p><i>RIN Response</i> document</p> <p>Section 2.16 of the <i>Basis of Preparation</i></p> <p>Section 6 – “Operating expenditure” of the SRP</p> <p>Attachment 6.4 – “Asset Growth Escalator” to the SRP</p>
<p>10.6 Provide:</p> <ul style="list-style-type: none"> a) the output growth drivers Essential Energy used to develop the amount of total forecast opex attributable to output growth changes; b) any economies of scale factors applied to the growth drivers; c) evidence that the growth drivers explain cost changes due to output growth; and d) if Essential Energy applied any composite multiple output growth drivers: <ul style="list-style-type: none"> (i) the inputs for each composite multiple output growth driver; and (ii) the weightings for each input; <p>10.7 Provide an explanation of how, in developing the amount of total forecast opex attributable to output growth changes, Essential Energy:</p> <ul style="list-style-type: none"> a) applied the output growth drivers; and b) accounted for economies of scale. 	<p><i>RIN Response</i> document</p> <p><u>SRP Attachments:</u></p> <p><i>Asset Management Plans</i></p> <p><i>Planning Reports</i></p> <p>Attachment 5.5 – “Labour escalators”</p> <p>Attachment 5.6 – “Cost Escalators - CEG”</p> <p>Attachment 5.7 – “Cost Escalation model”</p> <p>Attachment 6.4 – “Asset growth escalator”</p>

SCHEDULE 1 REQUIREMENT	REFERENCE
<p>Real price changes</p> <p>10.8 Provide the amount of total forecast opex attributable to changes in the price of labour and materials for each year of the <i>forthcoming regulatory control period</i> in:</p> <p>a) Table 2.16.1 for standard control services opex; and</p> <p>b) if Essential Energy owns any dual function assets, Table 2.16.3 for dual function assets opex;</p>	<p><i>RIN Response</i> document</p> <p><i>Section 2.16 of the Basis of Preparation</i></p> <p><i>Section 6 – “Operating Expenditure” of the SRP</i></p> <p><u>SRP Attachments:</u></p> <p><i>Attachment 5.5 – “Labour escalators”</i></p> <p><i>Attachment 5.6 – “Cost Escalators - CEG”</i></p> <p><i>Attachment 5.7 – “Cost Escalation model”</i></p>
<p>10.9 Provide an explanation of:</p> <p>a) how, in developing the amount of total forecast opex attributable to changes in the price of labour and materials, Essential Energy applied the real price measures in regulatory template 2.14; and</p>	<p><i>RIN Response</i> document</p> <p><i>Section 6 – “Operating expenditure” of the SRP</i></p> <p><i>Attachment 5.7 – “Cost Escalation model” to the SRP</i></p>
<p>b) whether Essential Energy's labour price measure compensates for any form of labour productivity change.</p>	<p><i>RIN Response</i> document</p> <p><i>Section 6 – “Operating Expenditure” of the SRP</i></p>
<p>Productivity change</p> <p>10.10 Provide the amount of total forecast opex attributable to changes in productivity for each year of the <i>forthcoming regulatory control period</i> in:</p> <p>a) Table 2.16.1 for standard control services opex; and</p> <p>b) if Essential Energy owns any dual function assets, Table 2.16.13 for dual function assets opex;</p>	<p><i>RIN Response</i> document</p> <p><i>Section 2.16 of the Basis of Preparation</i></p>
<p>10.11 Provide, in percentage year on year terms, the productivity measure that Essential Energy used to develop the amount of total forecast opex attributable to changes in productivity;</p> <p>10.12 Provide an explanation of:</p> <p>a) how, in developing the amount of total forecast opex attributable to changes in productivity, Essential Energy applied the productivity measure in 10.11;</p> <p>b) whether Essential Energy's forecast productivity changes capture the historic trend of cost increases due to changes in regulatory obligations or requirements and industry best practice; and whether Essential Energy's productivity measure includes productivity change compensated for by the labour price measure used by Essential Energy to forecast the change in the price of labour.</p>	<p><i>RIN Response</i> document</p> <p><i>Section 4 – “Building Block Proposal” &</i></p> <p><i>Section 6 – “Operating Expenditure” of the SRP</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
<p>Opex step changes</p> <p>10.13 Provide the amount of total forecast opex attributable to opex step changes for each year of the <i>forthcoming regulatory control period</i> in:</p> <ul style="list-style-type: none"> a) Table 2.16.1 for <i>standard control services</i> opex; and b) if Essential Energy owns any <i>dual function assets</i>, Table 2.16.3 for <i>dual function assets</i> opex; 	<p><i>RIN Response</i> document</p> <p><i>Section 2.16 & Section 2.17 of the Basis of Preparation</i></p>
<p>10.14 Provide an explanation of why Essential Energy considers:</p> <ul style="list-style-type: none"> a) the efficient costs of the Step change are not provided by other components of Essential Energy’s total forecast opex such as base opex, output growth changes, real price changes or productivity change; b) the total forecast opex will not allow Essential Energy to achieve the objectives in clause 6.5.6(a) of the NER unless the Step change is included; and c) the total forecast opex will not reasonably reflect the criteria in clause 6.5.6(c) of the NER unless the Step change is included. 	<p><i>RIN Response</i> document</p> <p><i>Section 2.16 & Section 2.17 of the Basis of Preparation</i></p>
<p>Vegetation management</p> <p>10.15 Provide compliance audits of vegetation management work conducted by Essential Energy during the current regulatory control period.</p>	<p><i>RIN Response</i> document</p> <p><i>Attachment 11 - “Vegetation Audits” to the RIN Response</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
11 RISK MANAGEMENT AND INSURANCE	
<p>Risk Management Framework</p> <p>11.1 Provide information that sets out Essential Energy’s governance arrangements in relation to the management of risk, including:</p> <ul style="list-style-type: none"> a) a risk appetite statement, which details the level of risk Essential Energy’s board is willing to accept including the nature and level of risks and the level of loss that can be sustained; b) a risk management strategy that describes Essential Energy’s strategy for managing risk and the key elements of the risk management framework that give effect to this strategy; and 	<p><i>RIN Response document</i></p>
<ul style="list-style-type: none"> c) any other information that demonstrates Essential Energy’s governance arrangements in relation to risks and their management. 	<p><i>RIN Response document</i> <i>Attachment 4.7 – “Regulatory treatment of risks” of the SRP</i></p>
<p>Insurance (regulatory template 2.15)</p> <p>11.2 General instructions:</p> <ul style="list-style-type: none"> a) Table 2.15.1 must provide a summary of all Essential Energy’s proposed insurance costs. b) Tables 2.15.2 and 2.15.3 seek more detailed information regarding total property and liability premiums only. The total property premiums forecast in table 2.15.2 must equal the sum of the premium forecasts classed as property insurance in table 2.15.1. The total liability forecast in table 2.15.3 must equal the sum of the premium forecasts classed as liability insurance in table 2.15.1. c) Amounts are exclusive of GST. 	<p><i>RIN Response document</i></p>
<p>11.3 Provide the following information for each commercially insured risk listed in table 2.15.1:</p> <ul style="list-style-type: none"> a) the name and description of each insured risk, including policy limits and sub-limits; b) a description of the general method used to forecast premiums (this may be in the form of an insurance premium forecast report by a qualified risk specialist); and c) any changes in insurance cover between the current and forthcoming regulatory control periods. 	<p><i>RIN Response document</i></p>
<p>11.4 Provide the following information regarding total property and total liability insurance reported in tables 2.15.2 and 2.15.3 respectively:</p> <ul style="list-style-type: none"> a) a description of the systematic drivers of insurance premiums; b) a description of the circumstances that have led to any premium changes over the current regulatory control period; c) a description of the method used to forecast premiums for the forthcoming regulatory control period, including estimated exposure growth and premium rate changes and any other adjustments made. Provide supporting evidence for exposure, premium rate changes, or any other proposed adjustments; and d) an explanation of how the value of insured assets is derived for property insurance (e.g. replacement costs, insured value etc.). 	<p><i>RIN Response document</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
<p>11.5 Where insurance is shared with other entities, provide:</p> <ul style="list-style-type: none"> a) an explanation of the cost allocation approach used for each risk class; b) cost allocations (percentage) by risk class for the current regulatory control periods; and c) the cost allocation (percentage) that underlies forecast premiums for the forthcoming regulatory control period. If the proportion allocated to Essential Energy has changed, explain why. 	<p><i>RIN Response document</i></p>
<p>11.6 Provide a report from an appropriately qualified risk specialist verifying that Essential Energy's forecast insurance premiums are efficient.</p>	<p><i>RIN Response document</i> <i>Attachment 4.7 – "Regulatory treatment of risks" to the SRP</i></p>
<p>Self-insurance</p>	
<p>11.7 For each risk for which Essential Energy is proposing a self-insurance allowance in the <i>regulatory proposal</i>:</p> <ul style="list-style-type: none"> a) provide a description of the risk and risk exposure including cover, exclusions and limit; b) explain how each self-insurance allowance has been calculated describing the modelling and detailing key assumptions; c) provide a record of historic losses and claims against the self-insurance fund as far as records allow; d) explain why compensation should be provided for the risk. Where insurance is available from a commercial insurer and an insurance quote has been obtained, provide evidence that it is more efficient to self-insure for that risk; e) confirm that the risk for which self-insurance is being sought is not recovered through any other mechanism; and f) explain why, if a self-insurance allowance has not been sought for a particular risk in the 2009–10 to 2013–14 regulatory control period, it is being sought in the 2014–15 to 2018–19 regulatory control period. 	<p><i>RIN Response document</i></p>
<p>11.8 If Essential Energy is proposing self-insurance for <i>asset failure</i> risk in the revenue proposal:</p> <ul style="list-style-type: none"> a) provide: <ul style="list-style-type: none"> (i) the annual number of failures for each asset category for which self-insurance is being sought (ii) the historical costs for each <i>asset failure</i> (iii) a description of what those costs relate to, including any split between capex and opex. b) explain: <ul style="list-style-type: none"> (i) where the self-insurance allowance is not based on the actual historical <i>asset failure</i> rates and costs, how the allowance has been forecast and why it is efficient (ii) how the proposed capex has been taken into account in calculating the probability of <i>asset failure</i> for each asset category for which self-insurance is being sought. 	<p><i>RIN Response document</i></p>
<p>11.9 Provide a report from an appropriately qualified actuary or risk specialist verifying the calculation of risk and corresponding self-insurance premiums.</p>	<p><i>RIN Response document</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
12 ALTERNATIVE CONTROL SERVICES AND OTHER ACTIVITIES	
<p>12.1 The <i>overheads</i> relating to each alternative control service or Other Activity must be disclosed in accordance with paragraph 12.2.</p>	<p>RIN Response document</p> <p><u>SRP Attachments:</u></p> <p><i>Attachment 8.2 – “Public lighting models”</i></p> <p><i>Attachment 8.5 – “Type 5 and 6 metering services model”</i></p> <p><i>Attachment 8.9 – “Ancillary Network Services model”</i></p>
<p>12.2 Provide a list of all of the individual services that Essential Energy intends to provide to customers and levy charges for in the <i>forthcoming regulatory control period</i> that fit within the broader definitions of distribution services that the AER proposed to classify as <i>alternative control services</i> in the Framework and Approach Paper.</p>	<p>RIN Response document</p> <p><i>Attachment 3.1 – “Essential Energy Classification Proposal” to the SRP</i></p>
<p>12.3 Provide a definition of each <i>alternative control service</i> listed in paragraphs 13, 14 and 15, where Essential Energy proposes a classification different to that in the Framework and Approach Paper.</p>	<p>RIN Response document</p> <p><i>Attachment 3.1 – “Essential Energy Classification Proposal” to the SRP</i></p>
<p>12.4 For each <i>alternative control service</i> listed in paragraphs 13, 14 and 15, specify the charges applicable during each year of the <i>current regulatory control period</i>. Also include proposed charges for each year of the <i>forthcoming regulatory control period</i>.</p>	<p>RIN Response document</p> <p><u>SRP Attachments:</u></p> <p><i>Attachment 8.2 – “Public lighting models”</i></p> <p><i>Attachment 8.3 – “Charges for public lighting”</i></p> <p><i>Attachment 8.5 – “Type 5 and 6 metering services model”</i></p> <p><i>Attachment 8.7 – “Charges for types 5 and 6 metering services”</i></p> <p><i>Attachment 8.9 – “Ancillary Network Services model”</i></p> <p><i>Attachment 8.10 – “Charges for Ancillary Network Services”</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
<p>12.5 For each <i>alternative control service</i> listed in paragraphs 13, 14 and 15, specify the total revenue earned by Essential Energy in each year of the <i>current regulatory control period and forthcoming regulatory control period</i>.</p>	<p>RIN Response document <u>SRP Attachments:</u> <i>Attachment 8.2 – “Public lighting models”</i> <i>Attachment 8.5 – “Type 5 and 6 metering services model”</i> <i>Attachment 8.9 – “Ancillary Network Services model”</i></p>
<p>12.6 For metering and public lighting alternative control services, specify the number of customers in each year of the <i>current regulatory control period</i>, and forecasts for the <i>forthcoming regulatory control period</i>.</p>	<p>RIN Response document <u>SRP Attachments:</u> <i>Attachment 8.2 – “Public lighting models”</i> <i>Attachment 8.5 – “Type 5 and 6 metering services model”</i></p>
<p>12.7 For each <i>alternative control service</i> listed in paragraphs 12, 13 and 14, provide the labour rate(s) used to calculate the charges for the <i>current and forthcoming regulatory control periods</i></p> <p>a) Specify the labour classification level used to provide the services e.g. outsourced or internally provided and labourer type.</p> <p>b) List all direct costs, and their quantum, in the make-up of the labour rate(s)</p>	<p>RIN Response document <u>SRP Attachments:</u> <i>Attachment 8.2 – “Public lighting models”</i> <i>Attachment 8.5 – “Type 5 and 6 metering services model”</i> <i>Attachment 8.9 – “Ancillary Network Services model”</i></p>
<p>12.8 List each material category (e.g. meters, poles, brackets) required for the provision of <i>alternative control services</i> listed in the response to paragraphs 12, 13 and 14.</p> <p>a) Provide a description of each material category</p> <p>b) Provide the average unit costs for each material category</p> <p>c) List all direct costs included in the unit costs</p> <p>d) Specify the calculation of the quantum of direct materials costs included in the unit cost of materials.</p>	<p>RIN Response document <u>SRP Attachments:</u> <i>Attachment 8.2 – “Public lighting models”</i> <i>Attachment 8.5 – “Type 5 and 6 metering services model”</i> <i>Attachment 8.9 – “Ancillary Network Services model”</i> <i>Streetlighting Asset Management Plan</i> <i>Meter Reading Business Plan</i> <i>Metering Services Business Plan</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
13 FEE BASED AND QUOTED ALTERNATIVE CONTROL SERVICES	
<p>13.1 Provide a description of each fee based and quoted service, explaining the purpose of the service and list the activities which comprise each service. The list of fee based and quoted services should be consistent with those services listed in Essential Energy’s annual tariff proposals.</p> <p>a) Specify if the charges are for fee based and/or quoted alternative control services;</p> <p>b) Explain the reasons for the different charge with reference to the costs incurred;</p> <p>c) Explain the method used to set the different charge; and</p>	<p>RIN Response document</p> <p>SRP Attachments:</p> <p>Attachment 3.1 – “Essential Energy Classification Proposal”</p> <p>Attachment 8.8 – “Ancillary Network Services proposal”</p> <p>Attachment 8.9 – “Ancillary Network Services model”</p> <p>Attachment 8.10 – “Charges for Ancillary Network Services”</p>
<p>d) Provide the calculations underpinning the different charge.</p>	<p>RIN Response document</p> <p>Attachment 8.9 – “Ancillary Network Services model” to the SRP</p>
<p>13.2 Identify the tasks involved in providing the service in <i>regulatory templates 4.3 and 4.4</i></p> <p>a) Map the class of labour required to provide the service listed in <i>regulatory templates 4.3 and 4.4</i>.</p> <p>b) The number of workers required to undertake the task and deliver the service</p> <p>c) The average time required to complete the task and deliver the service</p> <p>13.3 If materials are required to provide the service, specify each material category</p>	<p>RIN Response document</p> <p>SRP Attachments:</p> <p>Attachment 3.1 – “Essential Energy Classification Proposal”</p> <p>Attachment 8.8 – “Ancillary Network Services proposal”</p> <p>Attachment 8.9 – “Ancillary Network Services model”</p> <p>Attachment 8.10 – “Charges for Ancillary Network Services”</p>
<p>13.4 Provide all current and proposed charges for each fee based and quoted alternative control service in the current and forthcoming regulatory control periods.</p>	<p>RIN Response document</p> <p>SRP Attachments:</p> <p>Attachment 8.8 – “Ancillary Network Services proposal”</p> <p>Attachment 8.9 – “Ancillary Network Services model”</p> <p>Attachment 8.10 – “Charges for Ancillary Network Services”</p>

SCHEDULE 1 REQUIREMENT	REFERENCE
14 METERING ALTERNATIVE CONTROL SERVICES	
<p>14.1 For meter types 4, 5 and 6, for the <i>current regulatory control period</i> and forecast for the <i>forthcoming regulatory control period</i>, provide details of the:</p> <ul style="list-style-type: none"> a) Direct materials and direct labour costs; b) Installation costs; c) Meter purchase costs; d) Volumes of work; e) Other costs associated with providing metering services; f) Type of meters installed and forecast to be installed, separately for new meters and for replacement meters; g) The volume of meters by type set out in (f) and the revenue earned and forecast to be earned by each meter type; and h) The total operating and maintenance costs incurred, and forecast to be incurred, for metering services. 	<p><i>RIN Response</i> document</p> <p><u>SRP Attachments:</u></p> <p><i>Attachment 8.5 – “Type 5 and 6 metering services model”</i></p> <p><i>Asset Management Plans</i></p> <p><i>Metering Services Business Plan</i></p> <p><i>Meter Reading Business Plan</i></p>
<p>14.2 For metering works, for each year of the <i>current regulatory control period</i> and forecasts for the <i>forthcoming regulatory control period</i>, provide a description of:</p> <ul style="list-style-type: none"> a) The type of work undertaken (e.g. meter reconfiguration, special meter read) including a description of the activities undertaken to provide the service; b) The <i>labour costs</i> involved in providing the service, including any overheads; c) Any materials costs involved in providing the service; d) The number (volume) of services provided and associated assumptions on which the volume of service was derived or estimated; e) The charge per service; and f) The revenue earned by each service. 	<p><i>RIN Response</i> document</p> <p><u>SRP Attachments:</u></p> <p><i>Attachment 8.5 – “Type 5 and 6 metering services model”</i></p> <p><i>Asset Management Plans</i></p> <p><i>Metering Services Business Plan</i></p> <p><i>Meter Reading Business Plan</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
15 PUBLIC LIGHTING ALTERNATIVE CONTROL SERVICES	
15.1 Specify which items are capital expenditure and operational expenditure for each year of the <i>current regulatory control period</i> and forecasts for the <i>forthcoming regulatory control period</i> .	<i>RIN Response</i> document “ <i>Streetlighting Asset Management Plan</i> ” provided with the SRP
15.2 Provide unit costs for the current regulatory control period and forecast for the forthcoming regulatory control period for: a) Luminaires; b) Dedicated street lighting poles;	<i>RIN Response</i> document
c) Brackets; d) Lamps; e) Photoelectric cells; f) Labour rate (per hour); g) Labour rate (per hour);	<i>RIN Response</i> document <i>Attachment 8.2– “Public Lighting Models”</i> to the SRP
15.3 Provide the depreciation period in years for each type of luminaire.	<i>RIN Response</i> document <i>Attachment 8.1 – “Public Lighting proposal”</i> of the SRP
15.4 Provide the bulk change cycle in years for lamps and photoelectric cells.	<i>RIN Response</i> document
15.5 Provide details of the average replacement age of each type of luminaire.	<i>RIN Response</i> document <i>Attachment 8.1 – “Public Lighting proposal”</i> of the SRP
15.6 Provide the number of luminaires, by type.	<i>RIN Response</i> document
15.7 Provide the number of luminaires, poles and brackets replaced per year, for the current and <i>forthcoming regulatory control periods</i> .	<i>RIN Response</i> document
15.8 Provide details, including assumptions used, for any other costs that are incurred for the provision of <i>public lighting services</i> .	<i>RIN Response</i> document <i>Attachment 8.2– “Public Lighting Models”</i> to the SRP
15.9 Provide models and/or modelling that underpins proposed charges for the <i>forthcoming regulatory control period</i> and the reasons for the assumptions behind those forecasts.	<i>RIN Response</i> document <i>Section 4.1.2 of the Basis of Preparation</i> <u>SRP Attachments:</u> <i>Attachment 8.1 – “Public Lighting proposal”</i> <i>Attachment 8.2– “Public Lighting Models”</i>

SCHEDULE 1 REQUIREMENT	REFERENCE
16 ECONOMIC BENCHMARKING	
<p>16.1 Complete the Economic Benchmarking <i>regulatory templates</i> (3.1 to 3.7) in accordance with:</p> <p>a) The instructions and definitions for variables within: Economic benchmarking RIN For distribution network service providers Instructions and Definitions Essential Energy (ABN 37 428 185 226) November 2013</p> <p>b) and the instructions in paragraphs 16.1 to 16.4.</p>	<p><i>RIN Response</i> document</p>
<p>16.2 The instructions in paragraphs a) to f) take precedence over those in Economic benchmarking RIN For distribution network service providers Instructions and Definitions Essential Energy (ABN 37 428 185 226) November 2013.</p> <p>a) The forecast revenue groupings in tables 3.1.1 and 3.1.2 may be developed by trending forward actual historical revenue groupings in previous regulatory years. However:</p> <p>(i) Total revenues must equal total forecast revenues as proposed by Essential Energy in its revenue proposal, and</p>	<p><i>RIN Response</i> document</p>
<p>(ii) Revenue groupings must reflect Essential Energy’s forecast demand for its services in the Forthcoming Regulatory Control Period in its revenue proposal.</p>	<p><i>RIN Response</i> document <i>Attachment 4.1 - “Post Tax Revenue Model”</i> of the SRP</p>
<p>b) The definition of a <i>tree</i> must be applied when completing the variables “Average number of trees per urban and CBD vegetation maintenance span” (DOEF0208) and “Average number of trees per rural vegetation maintenance span” (DOEF0209)</p>	<p><i>RIN Response</i> document <i>Section 2.7 of the Basis of Preparation</i> <i>Section 8.2 of the Basis of Preparation</i> for the Economic Benchmarking RIN</p>
<p>c) In calculating responses to the variables DOEF0202 to DOEF0205, spans in the network service area where Essential Energy is not responsible for the vegetation management associated with the span are not to be counted.</p>	<p><i>RIN Response</i> document</p>
<p>d) “Total number of spans” (DOEF0205) does not include service line spans.</p> <p>e) Essential Energy must report the route line length of feeders classified as either short rural or long rural divided by the total route feeder line length (this is the total feeder route line length for all CBD, urban, short rural and long rural feeders) against “Rural proportion” (DOEF0201).</p>	<p><i>RIN Response</i> document <i>Section 2.7 of the Basis of Preparation</i> <i>Section 8.2 of the Basis of Preparation</i> for the Economic Benchmarking RIN</p>
<p>f) For the purposes of calculating the “Route line length” variable (DOEF0301) or other variables measured in terms of route line length:</p> <p>(i) The length of service lines are not to be counted</p> <p>(ii) the length of a span that shares multiple voltage levels is only to be counted once</p> <p>(iii) the lengths of two sets of lines that run on different sets of poles (or towers) but share the same easement are counted separately</p>	<p><i>RIN Response</i> document <i>Section 3.7 of the Basis of Preparation</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
<p>16.3 All forecast variables in the Economic Benchmarking <i>regulatory templates</i> must align with those in Essential Energy's <i>regulatory proposal</i>. For the avoidance of doubt this includes forecast:</p> <p>a) opex and capex;</p>	<p><i>RIN Response document</i> <i>Section 5 – “Capital Expenditure” & Section 6 – “Operating Expenditure” of the SRP</i></p>
<p>b) <i>Maximum demand, customer numbers, Energy delivery;</i></p>	<p><i>RIN Response document</i> <i>Section 5 – “Capital Expenditure” & Attachment 4.5 – “Consumption Forecasts” of the SRP</i></p>
<p>c) Revenues;</p>	<p><i>RIN Response document</i> <i>Section 4 – “Building block proposal” & Attachment 4.1 – “Post Tax Revenue Model” of the SRP</i></p>
<p>d) quality of services variables including SAIDI , SAIFI and MAIFI; and</p>	<p><i>RIN Response document</i> <i>Section 3– “Our proposal in response to Stage 2 of the AER’s framework and approach” & Attachment 3.2 - “Essential Energy’s proposed application of the STPIS” of the SRP</i></p>
<p>e) Quantities of physical assets</p>	<p><i>RIN Response document</i></p>
<p>16.4 RAB asset financial data in the Assets (RAB) <i>regulatory template</i> must reconcile to that in in Essential Energy’s PTRM and RFM.</p>	<p><i>RIN Response document</i> <i>Section 3.3 of the Basis of Preparation</i> <i>Section 4 of the Basis of Preparation for the Economic Benchmarking RIN</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
17 PROVISIONS	
<p>17.1 For each of Essential Energy’s provisions, provide the information required in <i>regulatory template 2.13</i> in accordance with:</p> <ul style="list-style-type: none"> a) regulatory template 2.13; and b) Australian Accounting Standard AASB 137 Provisions, Contingent Liabilities and Contingent Assets. 	<p><i>RIN Response</i> document</p>
<p>17.2 If, in a given year, there is an increase in the amount of a provision, provide reasons for this increase, including:</p> <ul style="list-style-type: none"> a) the expected timing of any resulting outflows of economic benefits; b) an explanation of the uncertainties about the amounts or timing of the outflows; c) supporting consultant’s advice, including actuarial reports; and d) if there is no supporting consultant’s advice, the process and assumptions Essential Energy used in determining the increase in the provision. 	<p><i>RIN Response</i> document <i>Section 2.13 of the Basis of Preparation</i></p>
<p>17.3 Provide the allocation of the movement in total provisions in regulatory template 2.13, Table 2.13.2 to:</p> <ul style="list-style-type: none"> a) opex; b) as-incurred capex by roll forward model asset class; and c) other, where the movement in the provision is neither capex nor opex. 	<p><i>RIN Response</i> document</p>
<p>17.4 Identify and explain any assumptions applied for the allocation of asset class provided under paragraphs Error! Reference source not found..</p>	<p><i>RIN Response</i> document <i>Section 2.13 of the Basis of Preparation</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
18 FORECAST PRICE CHANGES	
<p>18.1 Provide, in <i>regulatory template</i> 2.14, the labour and material price changes assumed by Essential Energy in estimating Essential Energy's <i>forecast capex</i> proposal and the <i>forecast opex</i> proposal. All price changes must be expressed in percentage year on year real terms.</p>	<p><i>RIN Response</i> document</p>
<p>18.2 Provide:</p> <p>a) the model(s) used to derive and apply the materials price changes, including model(s) developed by a third party;</p>	<p><i>RIN Response</i> document</p> <p><i>Attachment 5.5 – “Labour escalators” & Attachment 5.6 – “Cost Escalators - CEG”</i> to the SRP</p>
<p>b) in relation to labour escalators, a copy of the current Enterprise Bargaining Agreement or equivalent agreement; and</p>	<p><i>RIN Response</i> document</p> <p><i>Attachment 22 – “Proposed Enterprise Agreement 2013”</i> to the <i>RIN Response</i></p>
<p>c) evidence that the forecast price changes accurately explain the change in the price of goods and services purchased by Essential Energy, including evidence that any materials price forecasting method explains the price of materials previously purchased by Essential Energy.</p>	<p><i>RIN Response</i> document</p> <p><i>Attachment 5.5 – “Labour escalators” & Attachment 5.6 – “Cost Escalators - CEG”</i> to the SRP</p>
<p>18.3 In Essential Energy's Basis of Preparation, explain:</p> <p>a) the methodology underlying the calculation of each price change, including:</p> <ul style="list-style-type: none"> (i) sources; (ii) data conversions; (iii) the operation of any model(s) provided under paragraph a); and (iv) the use of any assumptions such as lags or productivity gains; <p>b) whether the same price changes have been used in developing both the <i>Forecast capex</i> Proposal and <i>forecast opex</i> proposal; and</p> <p>c) if the response to paragraph 18.3 is negative, why it is appropriate for different expenditure escalators to apply.</p>	<p><i>RIN Response</i> document</p> <p><i>Section 2.14.1 of the Basis of Preparation</i></p>
<p>18.4 If an agreement provided in response to paragraph b) is due to expire during the <i>Forthcoming regulatory control period</i>, explain the progress and outcomes of any negotiations to date to review and replace the current agreement.</p>	<p><i>RIN Response</i> document</p>

SCHEDULE 1 REQUIREMENT	REFERENCE
19 RELATED PARTY TRANSACTIONS	
<p>19.1 Identify and describe all other entities which:</p> <ul style="list-style-type: none"> a) are a <i>related party</i> to Essential Energy and contribute to the provision of distribution services; or b) have the capacity to determine the outcome of decisions about Essential Energy's financial and operating policies. <p>19.2 Provide a diagram of the organisational structure depicting the relationships between all the entities identified in the response to paragraph 19.1.</p> <p>19.3 Identify:</p> <ul style="list-style-type: none"> a) all arrangements or contracts between Essential Energy and any of the other entities identified in the response to paragraph 19.1 which relate directly or indirectly to the provision of distribution services; and b) the service or services the subject of each arrangement or contract. <p>19.4 For each service identified in the response to paragraph 19.1:</p> <ul style="list-style-type: none"> a) provide: <ul style="list-style-type: none"> (i) a description of the process used to procure the service; and (ii) supporting documentation including, but not limited to, requests for tender, tender submissions, internal committee papers evaluating the tenders, contracts between Essential Energy and the relevant provider; b) explain: <ul style="list-style-type: none"> (i) why that service is the subject of an arrangement or contract (i.e. why it is outsourced) instead of being undertaken by Essential Energy itself; (ii) whether the services procured were provided under a standalone contract or provided as part of a broader operational agreement (or similar); (iii) whether the services were procured on a genuinely competitive basis and if not, why; and (iv) whether the service (or any component thereof) was further outsourced to another provider. 	<p><i>RIN Response document</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
20 PROPOSED CONTINGENT PROJECTS	
<p>20.1 For each contingent project proposed in the <i>regulatory proposal</i>, provide:</p> <ul style="list-style-type: none"> a) a description of the <i>proposed contingent project</i>, including reasons why Essential Energy considers the project should be accepted as a <i>contingent project</i> for the <i>forthcoming regulatory control period</i>; b) the <i>proposed contingent capital expenditure</i> which Essential Energy considers is reasonably required for the purpose of undertaking the <i>proposed contingent project</i>; c) the methodology used for developing that forecast and the key assumptions that underlie it; d) information that demonstrates that the undertaking of the <i>proposed contingent project</i> is reasonably required to meet one or more of the objectives referred to in clause 6.6A.1(b)(1) of the NER; e) a demonstration that the proposed contingent capital expenditure for each proposed contingent project: <ul style="list-style-type: none"> (i) is not included (either in part or in whole) in Essential Energy's proposed total forecast capital expenditure for the <i>forthcoming regulatory control period</i>; (ii) reasonably reflects the capital expenditure criteria, taking into account the capital expenditure factors, in the context of the proposed contingent project; and (iii) exceeds either \$30 million or 5 per cent of Essential Energy's proposed annual revenue requirement for the first year of the <i>forthcoming regulatory control period</i>, whichever is larger amount. f) the proposed trigger events relating to the proposed contingent project. 	<p>RIN Response document</p>
<p>20.2 For each proposed <i>trigger event relating to the proposed contingent project</i> referred to in f), demonstrate:</p> <ul style="list-style-type: none"> a) the proposed <i>trigger event</i> is reasonably specific and capable of objective verification b) the occurrence of the proposed <i>trigger event</i> makes the undertaking of the <i>proposed contingent project</i> reasonably necessary in order to achieve any of the <i>capital expenditure objectives</i>; c) the proposed <i>trigger event</i> generates increased costs or categories of costs that relate to a specific location rather than a condition or event that affects the distribution <i>network</i> as a whole; d) the proposed <i>trigger event</i> is described in such terms that the occurrence of that event or condition is all that is required for the distribution <i>determination</i> to be amended under clause 6.6A.2 of the NER; e) the proposed <i>trigger event</i> is a condition or event, the occurrence of which is probable during <i>forthcoming regulatory control period</i>, but the inclusion of capital expenditure in relation to the proposed <i>trigger event</i> under clause 6.5.7 of the NER is not appropriate because: <ul style="list-style-type: none"> (i) it is not sufficiently certain that the event or condition will occur during the <i>forthcoming regulatory control period</i> or if it may occur after that <i>regulatory control period</i> or not at all; or (ii) the costs associated with the event or condition are not sufficiently certain. 	<p>RIN Response document</p>

SCHEDULE 1 REQUIREMENT	REFERENCE
<p>20.3 Provide a summary of Essential Energy’s proposed contingent projects for the forthcoming regulatory control period including the proposed contingent capital expenditure and trigger events for each proposed contingent project in the regulatory template 7.2.</p>	<p><i>RIN Response</i> document</p>

SCHEDULE 1 REQUIREMENT	REFERENCE
21 NON-NETWORK ALTERNATIVES	
<p>21.1 Identify the <i>Policies and Strategies</i> and <i>Procedures</i> which relate to the selection of efficient non-network solutions.</p>	<p><i>RIN Response</i> document</p> <p><i>Attachment 17 – “Essential Energy’s Demand Side Engagement Strategy” & Attachment 18 – “CECP0007.01 – Demand Management” to the RIN Response</i></p> <p><i>CEOP1121 - Operational Procedure: Demand Management: Electricity Network</i> included in the system strategy documents provided as part of the SRP</p>
<p>21.2 Explain the extent to which the provision for efficient non-network alternatives has been considered in the development of the <i>forecast capex</i> proposal and the <i>forecast opex</i> proposal.</p>	<p><i>RIN Response</i> document</p> <p><i>“CEOP2091 – Distribution Growth Strategy”</i> included in the system strategy documents provided as part of the SRP</p>
<p>21.3 Identify each non-network <i>Project</i> that Essential Energy has:</p> <p>a) commenced during the current regulatory control period; and</p>	<p><i>RIN Response</i> document</p>
<p>b) selected to commence during, or will continue into, the <i>Forthcoming regulatory control period</i>.</p>	<p><i>RIN Response</i> document</p> <p><i>“CEOP2091 – Distribution Growth Strategy”</i> included in the system strategy documents provided as part of the SRP</p>
<p>21.4 For each non-network <i>Project</i> identified in the response to paragraph 21.3, provide a description, including cost and location.</p>	<p><i>RIN Response</i> document</p> <p><i>“CEOP2091 – Distribution Growth Strategy”</i> included in the system strategy documents provided as part of the SRP</p>
<p>21.5 Provide, for each year of the <i>current regulatory control period</i>, and for the <i>forthcoming regulatory control period</i>, details of each payment made, or expected to be made, by Essential Energy to an Embedded Generator in reflection any costs avoided by deferring augmentation of:</p> <p>a) Essential Energy’s distribution network; or</p> <p>b) the relevant transmission network.</p>	<p><i>RIN Response</i> document</p>

SCHEDULE 1 REQUIREMENT	REFERENCE
22 EFFICIENCY BENEFIT SHARING SCHEME	
<p>22.1 To calculate the carryover amounts that arise from applying the efficiency benefit sharing scheme during Essential Energy’s <i>current regulatory control period</i>:</p> <ul style="list-style-type: none"> a) provide the forecast and actual operating expenditure amounts in <i>regulatory template 7.5</i>; b) identify all changes to Essential Energy’s Capitalisation Policy during the <i>current regulatory control period</i>. 	<p><i>RIN Response document</i></p>
<p>22.2 For each change identified in the response to paragraph b):</p> <ul style="list-style-type: none"> a) state, if any, the financial impact of the change; b) state the reasons for the change; c) explain the effect of the change, if any, on the forecast operating expenditure for each year of Essential Energy’s <i>current regulatory control period</i>; and d) explain the effect of the change, if any, on the actual operating expenditure for each year of Essential Energy’s <i>current regulatory control period</i>. 	<p><i>RIN Response document</i></p>
<p>22.3 For the purposes of applying the efficiency benefit sharing scheme:</p> <ul style="list-style-type: none"> a) identify all cost categories proposed to be excluded from the operation of the efficiency benefit sharing scheme; b) explain for each cost category identified in the response to paragraph a) the reasons for the proposed exclusion. 	<p><i>RIN Response document</i> <i>Section 3– “Our proposal in response to Stage 2 of the AER’s framework and approach” of the SRP</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
23 SERVICE AND QUALITY	
<p>23.1 Provide Essential Energy's detailed methodology for calculating the following parameters used in the Service Target Performance Incentive Scheme (STPIS);</p> <ul style="list-style-type: none"> c) the SAIDI, SAIFI and MAIFI targets for each supply reliability area; d) the <i>customer</i> service parameters and targets; e) daily SAIDI, SAIFI, MAIFI and <i>customer</i> service performance derived from the individual interruption data under 23.2; f) the MED threshold derived from the daily SAIDI data; g) The incentive rates to apply to each supply reliability area. <p>Note: All calculations must be made in accordance with the STPIS and using data which complies with the STPIS definitions.</p>	<p><i>RIN Response</i> document</p> <p><i>Section 3– “Our proposal in response to Stage 2 of the AER’s framework and approach” of the SRP</i></p> <p><i>Attachment 3.2 – “Proposed application of STPIS” of the SRP</i></p>
<p>23.2 Details of all interruptions that occurred in the 2008-09 to 2012-13 regulatory years must be provided in <i>regulatory template</i> 6.3, in accordance with the instructions and definitions contained in this <i>Notice</i> and definitions contained in the STPIS.</p>	<p><i>RIN Response</i> document</p>
<p>23.3 If Essential Energy proposes adjustments to the STPIS targets away from those based upon raw historical data Essential Energy must provide:</p> <ul style="list-style-type: none"> a) the reasons for the change; b) the quantum of the adjustment, and the effect of the adjustment on the targets for each of the supply reliability areas; and c) the method, basis and empirical data used as justification for the adjustment. 	<p><i>RIN Response</i> document</p> <p><i>Section 3– “Our proposal in response to Stage 2 of the AER’s framework and approach” of the SRP</i></p> <p><i>Attachment 3.2 – “Proposed application of STPIS” of the SRP</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
24 SHARED ASSETS	
24.1 Provide Essential Energy's <i>shared assets</i> information in <i>Regulatory template 7.4</i> .	RIN Response document Section 4 – “Building block proposal” of the SRP

SCHEDULE 1 REQUIREMENT	REFERENCE
25 REVENUES AND PRICES FOR STANDARD CONTROL SERVICES	
<p>25.1 Provide Essential Energy's calculation of the unsmoothed and smoothed revenues, and prices for the purposes of the control mechanism proposed by Essential Energy using the AER's <i>post-tax revenue model</i>, which is to be submitted as part of the <i>regulatory proposal</i>.</p>	<p><i>RIN Response</i> document Attachment 4.1 – “Post Tax Revenue Model” of the SRP</p>
<p>25.2 Provide details of any departure from the AER's <i>post-tax revenue model</i> for the calculations referred in paragraph 25.1 and the reasons for that departure.</p>	<p><i>RIN Response</i> document Section 4 – “Building block proposal” of the SRP</p>

SCHEDULE 1 REQUIREMENT	REFERENCE
26 INDICATIVE IMPACT ON ANNUAL ELECTRICITY BILLS	
<p>26.1 For the purposes of calculating the impact of Essential Energy's <i>Regulatory proposal</i> on the annual electricity bill of typical residential and business <i>customers</i> in New South Wales, provide the data/information required in <i>regulatory template</i> 7.6. Provide the data source for each input used for the calculation.</p>	<p><i>RIN Response document</i> <i>Section 7.6.1 of the Basis of Preparation</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
27 REGULATORY ASSET BASE	
<p>27.1 Provide Essential Energy’s calculation of the regulatory asset base for the relevant distribution system in respect of standard control services for each regulatory year of <i>current regulatory control period</i> using the AER’s <i>roll forward model</i>, which is to be submitted as part of the <i>regulatory proposal</i></p>	<p><i>RIN Response</i> document <i>Attachment 4.2 – “Roll-forward model”</i> of the SRP.</p>
<p>27.2 Provide details of any departure from the underlying methods in the AER’s <i>roll forward model</i> for the calculation referred in 27.1 and the reasons for that departure.</p>	<p><i>RIN Response</i> document <i>Section 4 – “Building block proposal”</i> of the SRP</p>
<p>27.3 If the value of the RAB as at the start of the <i>forthcoming regulatory control period</i> is proposed to be adjusted because of changes to asset service classification, provide details including relevant supporting information used to calculate that adjustment value.</p>	<p><i>RIN Response</i> document <i>Section 4 – “Building block proposal”</i> & <i>Section 8 – “Alternative Control Services”</i> of the SRP <i>Attachment 4.2 – “Roll-forward model”</i> & <i>Attachment 8.6 – “Type 5 & 6 metering services PTRM”</i> of the SRP</p>

SCHEDULE 1 REQUIREMENT	REFERENCE
28 DEPRECIATION SCHEDULES	
<p>28.1 Provide Essential Energy’s calculation of the depreciation amounts for the relevant distribution system in respect of standard control services for each regulatory year of:</p> <p>a) the current regulatory control period using the AER’s roll forward model, which is to be submitted as part of the regulatory proposal</p>	<p><i>RIN Response document Attachment 4.2 – “Roll-forward model” of the SRP</i></p>
<p>b) the forthcoming regulatory control period using the AER’s post-tax revenue model, which is to be submitted as part of the regulatory proposal.</p>	<p><i>RIN Response document Attachment 4.1 – “Post Tax Revenue Model” of the SRP</i></p>
<p>28.2 Provide details of any departure from the underlying methods in the AER’s roll forward model and post-tax revenue model for the calculations referred to in 28.1 and the reasons for that departure.</p>	<p><i>RIN Response document</i></p>
<p>28.3 Identify any changes to standard asset lives for existing asset classes from the previous determination. Explain the reason/s for the change and provide relevant supporting information.</p>	<p><i>RIN Response document</i></p>
<p>28.4 For any proposed new asset classes, explain the reason/s for using these new asset classes and provide relevant supporting information on their proposed standard asset lives.</p>	<p><i>RIN Response document</i></p>
<p>28.5 If existing asset classes from the previous determination are proposed to be removed and their residual values to be reallocated to other asset classes, explain the reason/s for the change and provide relevant supporting information. This should include a demonstration of the materiality of the change on the forecast depreciation allowance.</p>	<p><i>RIN Response document Section 4 – “Building block proposal” & Attachment 4.2 – “Roll Forward Model” of the SRP</i></p>
<p>28.6 Describe the method used to calculate the remaining asset lives for existing asset classes as at 1 July 2014 (the start of the forthcoming regulatory control period) and provide supporting calculations if the approach differs from that in the roll forward model.</p>	<p><i>RIN Response document Section 4 – “Building block proposal” & Attachment 4.2 – “Roll Forward Model” of the SRP</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
29 CORPORATE TAX ALLOWANCE	
29.1 Provide Essential Energy's calculation of the estimated cost of corporate income tax for the <i>forthcoming regulatory control period</i> using the AER's <i>post-tax revenue model</i> , which is to be submitted as part of the <i>regulatory proposal</i> .	<i>RIN Response</i> document <i>Attachment 4.1 - "Post Tax Revenue Model"</i> of the SRP
29.2 Provide a demonstration that the calculation referred to in 29.1 complies with clause 6.5.3 of the NER.	<i>RIN Response</i> document <i>Attachment 4.1 - "Post Tax Revenue Model"</i> of the SRP
29.3 Provide details of any departure from the AER's <i>post-tax revenue model</i> for the calculations referred to in 29.1 and the reasons for that departure.	<i>RIN Response</i> document
29.4 Identify any changes to standard tax asset lives for existing asset classes from the previous determination. Explain the reason/s for the change and provide relevant supporting information, including Federal tax laws governing depreciation for tax purposes.	<i>RIN Response</i> document
29.5 Describe the method used to calculate the remaining tax asset lives as at 1 July 2014 and provide supporting calculations, if the approach differs from that in the AER's <i>roll forward model</i> .	<i>RIN Response</i> document
29.6 Provide Essential Energy's calculation of the tax asset base for the relevant distribution system in respect of standard control services for each regulatory year of the <i>current regulatory control period</i> using the AER's <i>roll forward model</i> , which is to be submitted as part of the <i>regulatory proposal</i> .	<i>RIN Response</i> document <i>Attachment 4.2 - "Roll Forward Model"</i> of the SRP
29.7 Provide details of any departure from the underlying methods in the AER's <i>roll forward model</i> for the calculation referred to in 29.6 and the reasons for that departure.	<i>RIN Response</i> document
29.8 Identify any differences in the capitalisation of expenditure for regulatory accounting purposes and tax accounting purposes. Provide reasons and supporting calculations to reconcile any differences between the two forms of accounts	<i>RIN Response</i> document
29.9 Provide calculations to demonstrate if a tax loss carried forward exist as at 1 July 2014. The figures used in these calculations, such as the revenue and operating expenses, should be actuals (with the exception of the final year of the <i>current regulatory control period</i> that requires an estimate). Identify and provide reasons for any assumptions applied to determine the value of any tax loss carried forward.	<i>RIN Response</i> document

SCHEDULE 1 REQUIREMENT	REFERENCE
30 CORPORATE STRUCTURE	
<p>30.1 Provide charts that set out:</p> <ul style="list-style-type: none"> a) the group corporate structure of which Essential Energy is a part; and b) the organisational structure of Essential Energy. 	<i>RIN Response document</i>

SCHEDULE 1 REQUIREMENT	REFERENCE
31 FORECAST MAP OF DISTRIBUTION SYSTEM	
<p>31.1 Provide a forecast map of Essential Energy's distribution system for the forthcoming regulatory control period. This map, together with any appropriate accompanying notes, should also indicate the location of new major network assets proposed to be constructed over the forthcoming regulatory control period.</p>	<p><i>RIN Response document Attachment 12 - "Current network map" & Attachment 13 - "RIN map with projects" of the RIN Response</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
32 AUDIT REPORTS	
<p>32.1 Provide a Regulatory <i>Audit report</i> in the form of:</p> <ul style="list-style-type: none"> a) a Special Purpose Financial Report in accordance with the requirements set out at Appendix C; and b) a Review report (for non-financial information) in accordance with the requirements set out at Appendix C. 	<p><i>RIN Response</i> document</p> <p><i>Attachment 7 – “2014 Essential Reset RIN Audit Opinion” & Attachment 8 - “2014 Essential Reset RIN Review Opinion to the RIN Response</i></p>
<p>32.2 Provide all reports from the Auditor to Essential Energy’s management regarding the audit review and/or auditors’ opinions or assessment.</p>	<p><i>RIN Response</i> document</p> <p><i>Attachment 7 – “2014 Essential Reset RIN Audit Opinion” & Attachment 8 - “2014 Essential Reset RIN Review Opinion to the RIN Response</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
33 BOARD RESOLUTION	
<p>33.1 Provide an extract from the board minutes or a resolution agreed to at a Essential Energy board meeting that confirms, to the best of the Board’s information, knowledge and belief, the information provided in the response to paragraph 1.1 (being the information to be provided in the Microsoft Excel Workbooks attached at Appendix A is:</p> <ul style="list-style-type: none"> a) for Actual Information, true and accurate; and b) where Essential Energy cannot provide Actual Information, Essential Energy’s best estimate. 	<p><i>RIN Response</i> document <i>Attachment 9 – “2014 essential Reset RIN Board Resolution”</i> to the <i>RIN Response</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
34 TRANSITIONAL ISSUES	
<p>34.1 Provide information on existing potential transitional issues (expressly identified in the <i>Rules</i> or otherwise) which Essential Energy expects will have a <i>material</i> impact on it and should be considered by the AER in making its <i>distribution determination</i>. For each issue, set out the following information:</p> <ul style="list-style-type: none"> a) the transitional issue; b) what has caused the transitional issue; c) how the transitional issue impacts on Essential Energy; and d) how Essential Energy considers the transitional issue could be addressed. 	<p><i>RIN Response</i> document</p> <p><i>Section 7 – “Allowed rate of return” & Section 8 – “Alternative Control Services” of the SRP</i></p> <p><i>Attachment 8.11 – “True up for alternative control services” of the SRP</i></p>

SCHEDULE 1 REQUIREMENT	REFERENCE
35 CONFIDENTIAL INFORMATION	
<p>35.1 This clause applies to any information Essential Energy provides:</p> <ul style="list-style-type: none"> a) in response to Schedule 1; b) in a <i>regulatory proposal</i>, revenue proposal, proposed negotiating framework, proposed pricing methodology, access arrangement proposal or access arrangement for the <i>forthcoming regulatory control period</i> (a Proposal) c) in a revision or amendment to a Proposal; and d) in a submission Essential Energy makes regarding a Proposal or a revised or amended Proposal; (together, Essential Energy’s Information). 	<p><i>RIN Response</i> document</p>
<p>35.2 If Essential Energy wishes to make a claim for confidentiality over any Essential Energy’s Information, provide the details of that claim in accordance with the requirements of the AER’s Distribution Confidentiality Guideline, as if it extended and applied to that claim for confidentiality.</p>	<p><i>RIN Response</i> document</p>
<p>35.3 Provide any details of a claim for confidentiality in response to clause 1.2 at the same time as making the claim for confidentiality. Confirm, in writing, that Essential Energy consents to the AER disclosing all other of Essential Energy’s Information on the AER website.</p>	<p><i>RIN Response</i> document</p>

SCHEDULE 1 REQUIREMENT	REFERENCE
36 ONGOING OBLIGATION	
<p>36.1 Provide information for the Subsequent Regulatory Years annually up to and including the 2024 Regulatory Year for the following <i>Regulatory Templates</i> in the Microsoft Excel Workbooks at Appendix A:</p> <ul style="list-style-type: none"> a) 2.1 to 2.3; b) 2.5 to 2.12; c) 4.1 to 4.4; d) 5.2 to 5.4; and e) 6.3 	<p><i>RIN Response</i> document</p>