Basis of Preparation

Response to Annual Reporting RIN 2018-19

essential energy

CONTENTS

1 Purpose

This document is Essential Energy's Basis of Preparation in relation to the audited Annual Reporting RIN data as required by part 1.1 (d) of Schedule 1 of the AER Regulatory Information Notice.

It explains the basis upon which information was prepared for all information in the Annual Reporting RIN template. As required by the AER, this Basis of Preparation is a separate document that has been submitted with the completed regulatory templates.

AER's Instructions

The AER requires the Basis of Preparation to follow a logical structure that enables auditors, assurance practitioners and the AER to clearly understand how Essential Energy has complied with the requirements of the Notice. It must be a separate document (or documents) that Essential Energy submits with its completed information templates.

The AER has set out what must be in the Basis of Preparation. This is set out in Table 1 below.

Table 1 – Requirements of the Basis of Preparation

Number	Requirement
1	Demonstrate how the information provided is consistent with the requirements of the Notice.
2	Explain the source from which Essential Energy obtained the information.
3	Explain the methodology Essential Energy applied to provide the required information, including any assumptions Essential Energy made.
4	In circumstances where Essential Energy cannot provide actual information, explain: • Why it was not possible for Essential Energy to provide actual information; • What steps Essential Energy is taking to ensure it can provide the information in the future; • If an estimate has been provided, the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is Essential Energy's best estimate, given the information sought in the Notice.

When carrying out an audit or review, an auditor or assurance practitioner shall have reference to Essential Energy's Basis of Preparation.

Structure of this Document

This document is structured as follows:

- Essential Energy addresses the issue of data reliability and use of estimates in completing the Annual Reporting RIN. A table of estimated data contained in the Annual Reporting RIN templates is included.
- The response to worksheets 2.11 to 9.5, is set out in accordance with the AER's instructions.

2 General Approach

Data Quality Issues

In previous consultations on other RINs, Essential Energy raised significant concerns with providing some of the data in the form required by the AER. Essential Energy has actual data with which to complete many of the information tables in this RIN, but where such data is not available, information templates will be completed with estimated data.

Essential Energy continues to stress concern in relation to the detailed templates submitted and the reliance on some of this information for benchmarking and decision making purposes.

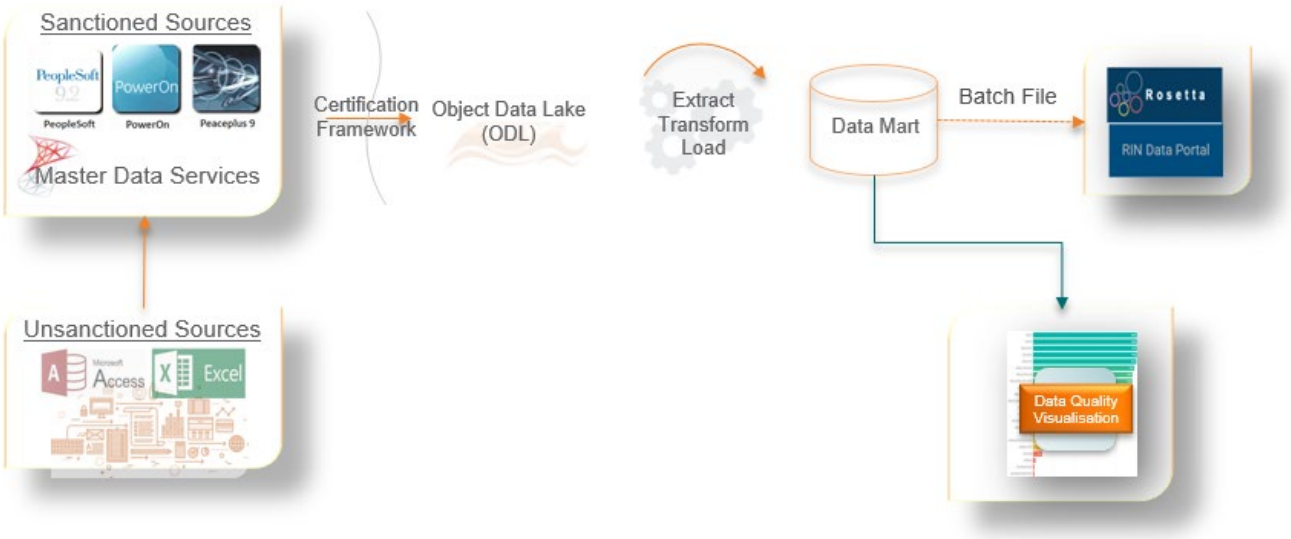
Systems Used to Provide Data

Essential Energy have undertaken a RIN Optimisation project over the previous twelve months, aiming to automate the population of the RIN tables. During this project, the required source data was classified as one of two types, sanctioned and unsanctioned.

Sanctioned data is data available from established databases and source systems such as PeopleSoft, PEACE, WASP, etc. Unsanctioned data is sourced from Excel, Access DB, Text files, etc. Wherever a source was identified as unsanctioned, it was tagged for loading to enable certification of the data load.

This scalable automation framework will feed into a continuous improvement process seeking to build confidence in the quality of the data and minimise the risk of submitting incorrect information.

Where data has been sourced directly from Essential Energy's financial and other information systems, this system has been identified. Similarly, where estimated data is based on data sourced from Essential Energy's systems, those systems are identified.



The transformation logic and business rules used to populate the RINs were captured and documented by the project team. The logic and the rules applied was reviewed and signed-off on by the various data owners across the business. All data is certified during loading and no uncertified raw data inputs are used.

Once transform logic is applied to the loaded data, the results are stored in a RIN Data Mart which also tracks history, so that any updates or amendments are tracked accordingly. There is an adjustment framework to cater for any adjustments to previously loaded data, which ensures full traceability and auditing.

Data is loaded from the RIN Data Mart into Rosetta, an independent application used by Essential Energy to populate RIN tables. Data for non-automated RIN tables is entered directly into Rosetta. Rosetta has review and approval functionality, requiring organisational managers to review and approve assigned completed RIN tables. Once all approvals have been completed, the data is exported from Rosetta into Excel RIN templates ready for submission to the AER.

Process Used to Determine if Information is Actual or Estimated

Where actual information is not able to be derived from Essential Energy's financial and information systems, information has been provided using the best available estimate. In circumstances where the AER has recommended an approach for estimating, that approach has been followed as far as practicable and reasons for any variations have been identified and explained.

In compliance with the AER's definitions of actual and estimated information, as listed in the Instructions and Definitions document of the RIN, if submitted information is materially dependent on information from historical records, it is more likely to be treated as actual information. Alternatively, data whose presentation is contingent on judgements and assumptions for which there are valid alternatives and which could lead to a materially different presentation is likely to be classified as estimated information.

Estimated Data

The following table lists the tables containing estimated data in the 2018-19 Annual Reporting RIN.

Table 2 – 2018-19 Annual Reporting RIN estimated data

RIN Table	Estimated Data & Method	Future Action to Avoid Estimation
3.6.8	Energy Not Supplied (MWh) – Unplanned and Planned - estimated by calculating an average kWh use per minute by customer type for the financial year. This is based on the total consumption divided by the total number of customers divided by the number of minutes in a year. This average kWh use per minute by feeder was then applied to the recorded Total Planned and Unplanned customer minutes off supply.	By its very nature, this data has to be estimated. It is not possible to predict with accuracy, what amount of energy would have been supplied had there not been an interruption.

Worksheet 2.11 - Labour

Table 2.11.3.1 – Opex

Compliance with Requirements of the Notice

The following sections outline how Essential Energy has ensured that the information provided is consistent with the requirements of the Notice.

Source of Information

Labour related data has been sourced from the following files which are all based on actual data from Peoplesoft general ledger:

- FY19_AnnualRIN_OpexModel_WPA_V01.xlsx
- ARR Calculations_External_19082019.xlsx

In-house labour expenditure comprises direct opex, direct capex and support labour and is sourced from the 'FY19_AnnualRIN_OpexModel_WPA_V01.xlsx' model.

- Outsourced labour expenditure comprises direct opex, direct capex and support labour and is sourced from: 'FY19_AnnualRIN_OpexModel_WPA_V01.xlsx' model, and 'ARR Calculations_External_19082019.xlsx'. Labour Cost file from the Budgeting and Forecasting Team.

Data relating to uncontrollable non-labour opex has been sourced from:

- General ledger

Methodology & Assumptions

- The Labour Opex Model file shows the percentage of support costs allocated to capex and opex. The percentage of Standard Control Services support opex allocated to capex in the year was 48% (where allocation pool excludes Standard Control Costs identified as being opex only). This percentage is applied to the support labour element of the total Standard Control Services labour cost and this amount is moved from opex to capex.
- Controllable non-labour opex was derived by deducting labour expenditure in this table from total opex as shown in Table 8.4.1 of the Annual Reporting RIN.
- The uncontrollable non-labour opex relating to Standard Control Services activities was comprised of council rates, land tax and certain State and Federal government licences. Council rates and land tax costs were extracted from the regulatory trial balance by filtering on the relevant general ledger account codes. Relevant licence costs were obtained by generating a PeopleSoft transaction enquiry report and a PeopleSoft Accounts Payable report, both using the parameter of the Licences and Professional Organisations general ledger account codes. Costs appearing to be incurred with government bodies in those reports were further investigated, to determine whether they met the definition of "uncontrollable".
- Direct Opex - Directly sourced from the GL account balances for SCS, using Pivot table from the Opex Model with below parameters:
    - Acc type: Opex
    - Acc_L7: Labour
    - Proj_L2: Opex - Operations Projects
- Support Opex reflects 'Support Projects' (Project Level 2) and non-project spend within Labour accounts (Account Level 7). Support spend allocated to CE001 is based on the CAM (Cost Allocation

Methodology), which has been applied in the 'FY19_AnnualRIN_OpexModel_WPA_V01.xlsx' model. The percentage of support labour allocated to Standard Control was 87.7%.

- Labour support costs allocations to opex and capex is sourced from:
  - '06_YTD_FY19Act_MonthEndModel.xls'. This model includes the breakdown of support spend allocated to opex and capex ('EndOfYear_Rates' tab) and what portion of support spend is allocated to opex only ('Opex_Only' tab)
  - For FY19, the mix of support allocated to opex and capex was 52% opex, 48% capex.
  - The total labour costs allocated to opex only was $21.9M.

Use of Estimated Information

The information in this table is considered to be based on actual data but based on the calculated opex and capex split applied to derive the information required in Table 2.11.3.1.

Changes from Prior Years

Historically redundancy costs have been excluded from labour due to the nexus with restructuring activities. For FY19 redundancies have been included in line with the RIN definitions of labour expenditure.

Reliability of Information

We consider this information to be reliable.

Table 2.11.3.2 – Capex

Compliance with Requirements of the Notice

The following sections outline how Essential Energy has ensured that the information provided is consistent with the requirements of the Notice.

Source of Information

Labour related data has been sourced from the following files which are all based on actual data from Peoplesoft general ledger:

- FY19_AnnualRIN_OpexModel_WPA_V01.xlsx
- ARR Calculations_External_19082019.xlsx

Data relating to uncontrollable non-labour opex has been sourced from the general ledger (Peoplesoft).

In-house labour expenditure comprises direct opex, direct capex and support labour and is sourced from the 'FY19_AnnualRIN_OpexModel_WPA_V01.xlsx' model.

Outsourced labour expenditure comprises direct opex, direct capex and support labour and is sourced from: 'FY19_AnnualRIN_OpexModel_WPA_V01.xlsx' model, and 'ARR Calculations_External_19082019.xlsx'.

Methodology & Assumptions

- Direct Capex reflects all Capex accounts, filtered on Standard Control Services (Project Level 3). Capex Direct Labour is totalled for SCS by Resource Categories that relate to Labour cost. In the Opex Model, the logic is below:
  - Acc_Type: Capex
  - Filter for all Resource Categories under Expense Type Labour. These are:

        - LORD - Labour Ordinary
        - LOVT - Labour Overtime
        - LALL - Labour Allowances
        - ONCT - Ordinary Oncosts
        - ONOT - Overtime Oncosts
        - ONNC - Non-controllable Oncosts

- Temp agency costs (GL account 22430) are excluded from in house expenditure, as these are captured in labour expenditure outsourced.
- Labour support costs allocations to opex and capex is sourced from:
    - '06_YTD_FY19Act_MonthEndModel.xls'. This model includes the breakdown of support spend allocated to opex and capex ('EndOfYear_Rates' tab) and what portion of support spend is allocated to opex only ('Opex_Only' tab)
    - For FY19, the mix of support allocated to opex and capex was 52% opex, 48% capex.
    - The total labour costs allocated to opex only was $21.9M.
- Support Allocations takes total Standard Control support costs, less temps, and support allocated to opex only. The remaining is split between opex and capex based on the 52:48 mix. The opex only is then added back to opex, which results in a 57:43 opex/capex mix.

Outsourced labour expenditure

- Temp agency costs (GL account 22430 opex or resource category LTMP for capex) are split between direct opex, direct capex and support opex in same method as in-house labour. Standard Control direct spend based on Project Level 3. Support costs allocated to Standard Control based on the CAM. Allocation of the support costs to opex/capex based on the 52:48 mix.
- Professional Services opex spend (GL account 26050) reflects spend against employment agencies that provide outsourced labour to EE. These are included in the 'Opex Pivot' tab within the 'ARR Calculations_External_19082019.xlsx' spreadsheet. The Standard Control portion is broken down using the CAM, whereby the departments determine the % allocation between business units. The Standard Control percentage was 91%. The opex/capex mix 52:48 was then applied.
- Professional Services capex spend (resource category CPRO) filtered on the employment agencies that provide outsourced labour to EE. This is determined by running the Agency and Contractors reports for the year which includes the list of vendors that provide labour hire.
    - Controllable non-labour capex was derived by deducting labour expenditure in this table from total capex as shown in Table 8.4.1 of the 2018-19 Annual Reporting RIN.
    - There was no uncontrollable non-labour capex relating to Standard Control Services activities for 2018-19.

Use of Estimated Information

The information in this table is considered to be based on actual data but based on the calculated opex and capex split applied to derive the information required in Table 2.11.3.2.

Reliability of Information

We consider this information to be reliable.

Worksheet 3.6 – Quality of services

Table 3.6.5 – Quality of Supply Metrics

This table does not require any inputs.

Table 3.6.6.1 – Technical Quality of Supply

Compliance with Requirements of the Notice

The information provided is based on the total number of network related complaints received from customers during the reporting period 2018 to 2019.

Source of Information

Data has been sourced from the Power Quality – Customer Management System (CMS) database.

Methodology & Assumptions

Data is sourced from a report run within the Power Quality CMS database and is filtered to identify the complaints completed within the reporting period. This is the number of complaints that have been recorded and acted upon.

The categories of complaints are identifiable by “type” and “cause” of complaint. To improve the reliability of the data, checks are performed on a regular basis (quarterly and annually) to identify any records that do not fit in to correct “type” and “cause” categories, selected by the investigating technician.

Use of Estimated Information

Essential Energy has not used estimated information in this section. For purposes of consistency, all data is extracted directly from a predefined report.

Reliability of Information

The data provided for this section is considered reliable as there are a number of checks and technician audits performed during the reporting period. It should also be noted that the Power Quality CMS system reports all network complaints received from customers, which is the figure reported. It is possible to filter the data and identify those complaints that are considered Valid (network related) or Not Valid (customer related).

Table 3.6.6.2 – Percentage of Complaints by Category

This table does not require any inputs.

Table 3.6.6.3 – Percentage of Complaints by Likely Cause

This table does not require any inputs.

Table 3.6.7.1 – Timely Provision of Services

Compliance with Requirements of the Notice

This section contains the total number of new connections (connections where there was no previous physical link between our distribution system and a retail customer’s premises), that have been performed during the period 1 July 2018 to 30 June 2019 inclusive.

Essential Energy is unable to provide information relating to the number of new connections not provided on or before the agreed date because this work is undertaken by Meter Provider Contractors external to Essential Energy and relates to agreements between those Meter Providers and their customers.

Source of Information

The source of the information is the Customer Information System, known as Peace CIS.

Methodology & Assumptions

The methodology utilised is to extract NMI details from Peace CIS where the minimum meter installation date exists within the required date range. In effect, this provides us with a listing of where the initial meter installation occurred in the relevant financial year. There are no assumptions made.

Use of Estimated Information

All information for this table was based on actual data extracted from Peace CIS.

Reliability of Information

The data provided in this table is considered to be reliable.

Table 3.6.7.2 – Timely Repair of Faulty Public Lights

Compliance with Requirements of the Notice

This section contains information on various measures relating to public lights and their repair.

Source of Information

The data used to populate this table was extracted from the WASP reporting “PR26” report. This report was extracted on 1 July 2019, providing year to date data for the period 1 July 2018 to 30 June 2019.

Methodology & Assumptions

Average monthly number “out” is a manual calculation of the total reported faults for the year (“PR26” report) divided by twelve months.

Not repaired by “fix by” date has been reported as the number of work tasks taking greater than twelve business days to repair. The days to repair are calculated from one day after the reported date to the completed date, excluding weekends and public holidays.

Average number of days to repair is calculated by total repair days divided by total reported faults during the period.

Use of Estimated Information

The data contains no estimates as it has been sourced using a public light business unit materialised view in Cognos Report Studio, built directly from the WASP Asset Management System.

Reliability of Information

The data is considered to be reliable.

Table 3.6.7.3 – Call Centre Performance

Compliance with Requirements of the Notice

The data has been reported in accordance with the definitions provided by the AER unless otherwise specified in the Methodology & Assumptions section below.

Whilst Essential Energy does have other phone lines, data within this section was from the Faults line only.

Source of information

Interactive Intelligence Call Management System and Telstra Analyser were used to collect the required data.

Methodology and Assumptions

Essential Energy has a simple process for extracting the required data from the call management system, by running work group and skillset performance reports from their telephony clients. The reports generated include the total number of calls, number of calls answered after the threshold and the total number of abandoned calls.

This definition requires total calls to include calls abandoned within 30 seconds but excludes missing calls when the fault line is overloaded.

For the number of Overload Events, Telstra Analyser is used to capture data on overload event days. This report lists all calls to Essential Energy's Outages line and the result of the call, including successful (answered), unsuccessful (abandoned) or busy (did not get through to IVR, which are overload events).

Use of estimated information

There was no use of estimated information.

Reliability of information

Interactive Intelligence retains details of each individual call throughout the reporting period with the functionality to also provide statistics about the received calls for a nominated period of time. The information is considered to be reliable.

Table 3.6.7.4 – Number of Customer Complaints

This table does not require any inputs.

Worksheet 3.6.8 – Network-feeders

Table 3.6.8 – Network Feeder Reliability

Compliance with Requirements of the Notice

The data for 2018-19 has been collected and collated in line with the definitions.

All network outages have been listed in accordance with the requirements.

Source of Information

Data is sourced from PowerOn Fusion and calculations managed in an Access database. PowerOn makes up the central modules of Essential Energy's power Distribution Management and Outage Management Systems (DMS/OMS).

The spreadsheet used to collate data is titled “RIN Tables Workpapers 18-19”.

The information on the length of feeders comes from Smallworld and is collated into the Access database mentioned above.

Customer numbers are as at 30 June 2019. An average of the start of period and end of period customer numbers is not maintained due to network reconfigurations throughout the year.

The information on “Energy not supplied” for columns I and J are completed by the Energy Forecasting Analyst.

The information on “Maximum demand” is provided by the Network Analytics & Forecast team but entered by the Asset Performance and Reliability (APR) section.

Methodology & Assumptions

In the RIN Access database 2018-19, run the following for the financial year:

- Run Monthly Feeder Reliability Reports – forms the base for this table query.
- This query collates outages by feeder.
- Use the group of Network Data Feeder queries:
    - Network Data Feeder 1 - collates feeder details (Feeder Description, Depot, Category, Cust, OH Length and UG Length).
    - Network Data Feeder 2 - uses the base of the Monthly Feeder Reliability Reports to collate outages by feeder.
    - Network Data Feeder Upl 3-6 - filters the data from #2 for Unplanned data; average customer base is used in #5 to calculate SAIDI and SAIFI; rolled up to Feeder, count of outages, SAIDI, and SAIFI.
    - Network Data Feeder Norm 3-6 - filters the data from #2 for Unplanned and excluding transmission and major event days data; average customer base is used in #5 to calculate SAIDI and SAIFI; rolled up to Feeder, count of outages, SAIDI, and SAIFI.
    - Network Data Feeder Pl 3-6 - filters the data from #2 for Planned data; average customer base is used in #5 to calculate SAIDI and SAIFI; rolled up to Feeder, count of outages, SAIDI, and SAIFI.
    - Network Data Feeder Pl Norm 3-6 - filters the data from #2 for Planned and excluding transmission and major event days data; average customer base is used in #5 to calculate SAIDI and SAIFI; rolled up to Feeder, count of outages, SAIDI, and SAIFI.
    - Network Data Feeder Final - collates #1, Upl #6, Norm #6, Pl #6 and Pl Norm #6.

- Columns K-N can be cross-referenced against sheet “18-19 Data” and EB Table 3.6.1 and columns P-S can be cross-referenced against sheet “18-19 Data”.
- The Energy not supplied, Planned and Unplanned MWh is estimated by calculating an average kWh use per minute by customer type for the financial year. This is based on the total consumption divided by the total number of customers divided by the number of minutes in a year. This average kWh use per minute by feeder was then applied to the recorded Total Planned and Unplanned customer minutes off supply.

Use of Estimated Information

Some information has been estimated.

Reliability of Information

Information based on assumptions and estimates should be used with caution when using it for benchmarking or decision making purposes.

Worksheet 3.6.9 – Network-reliability

Table 3.6.9.1 – Planned Minutes Off Supply (SAIDI) and

Table 3.6.9.2 – Planned Interruptions to Supply (SAIFI)

Compliance with Requirements of the Notice

The data for 2018-19 has been collected and collated in line with the definitions.

Customer numbers include active NMIs with an active or inactive account. This is the way data has been collected and stored since PowerOn Fusion went live in November 2012.

Source of Information

Data is sourced from PowerOn Fusion and calculations managed in an Access database. PowerOn makes up the central modules of Essential Energy's power Distribution Management and Outage Management Systems (DMS/OMS).

The spreadsheet used to collate data is titled “RIN Tables Workpapers 18-19”.

Methodology & Assumptions

In the RIN Access database 2018-19, run the following for the financial year:

- Run Monthly Feeder Reliability Reports – forms the base for this table query.
- This query collates outages by feeder.
- Use the group of STPIS Daily Perf 1-2 and STPIS Daily Perf PI 3-5 queries:
    - STPIS Daily Perf 1 - uses the base of the Monthly Feeder Reliability Reports to collate outages by feeder.
    - STPIS Daily Perf 2 - truncates the date value of outages and rolls up customers affected and customer minutes lost.
    - STPIS Daily Perf PI U/SR/LR 3 - filters the data from #2 for Planned and excluding transmission and major event days data and by category.
    - STPIS Daily Perf PI U/SR/LR 4 - update average customer base, uses Avg Cust Base RIN query to calculate SAIDI and SAIFI by date.
    - STPIS Daily Perf PI 5 - rolls up SAIDI and SAIFI by category.
- Can be cross-referenced against sheet “18-19 Data” (Normalised Planned = DNI Planned – Planned MED).

Use of Estimated Information

There was no use of estimated information.

Reliability of Information

Information has been sourced from current systems and management is comfortable that the information is reliable.

Worksheet 4.1 – Public Lighting

Table 4.1.4 – Public Lighting Metrics by Tariff

This table does not require any inputs.

Worksheet 6.2 – STPIS Reliability

Table 6.2.1 – Unplanned Minutes Off Supply (SAIDI),

Table 6.2.2 – Unplanned Interruptions to Supply (SAIFI) and

Table 6.2.4 – Distribution Customer Numbers

Compliance with Requirements of the Notice

The data for 2018-19 has been collected and collated in line with the definitions.

Customer numbers include active NMIs with an active or inactive account. This is the way data has been collected and stored since PowerOn Fusion went live in November 2012.

The Threshold for Major Event Days (TMED) for 2018-19 was applied as per the definition.

Source of Information

Data is sourced from PowerOn Fusion and calculations managed in an Access database. PowerOn makes up the central modules of Essential Energy's power Distribution Management and Outage Management Systems (DMS/OMS).

The spreadsheet used to collate data is titled “RIN Tables Workpapers 18-19”.

Methodology & Assumptions

In the RIN Access Database 2018-19, run the following query for the financial year:

- Run Monthly Feeder Reliability Reports – forms the base for this table query.
  - This query collates outages by feeder.
- Use the group of STPIS Daily Perf 1-2 and STPIS Daily Perf PI 3-5 queries:
  - STPIS Daily Perf 1 - uses the base of the Monthly Feeder Reliability Reports to collate outages by feeder.
  - STPIS Daily Perf 2 - truncates the date value of outages and rolls up customers affected and customer minutes lost.
  - STPIS Daily Perf Upl 3 & U/SR/LR 3 - filters the data from #2 for Unplanned for total and by category.
  - STPIS Daily Perf Upl 4 & U/SR/LR 4 - update average customer base to calculate SAIDI and SAIFI by date.
  - STPIS Daily Perf Norm 3 & U/SR/LR 3 - filters the data from #2 for Unplanned and excluding transmission and major event days data for total and by category.
  - STPIS Daily Perf Norm 4 & U/SR/LR 4 - update average customer base to calculate SAIDI and SAIFI by date.
  - STPIS Daily Perf 5 - collates by date SAIDI and SAIFI for total and by category.
  - STPIS Daily Perf 6 - rolls up SAIDI and SAIFI for total and by category.
  - STPIS Daily Perf 7 - calculates total excluded events by subtracting “Total sustained minutes off supply after removing excluded events” from “Total sustained minutes off supply”. Shows RIN Cust Nos start and end period, and avg cust base RIN.

This information can be cross-referenced against sheet “18-19 Data” - Total Unplanned SAIDI and SAIFI, Excluded Events SAIDI and SAIFI, and Normalised SAIDI and SAIFI.

Customer numbers at the start of the period are the same as the end of the previous period but with the current feeder categories applied.

Use of Estimated Information

There was no use of estimated information.

Reliability of Information

Information has been sourced from current systems and management is comfortable that the information is reliable.

Table 6.2.3 – Unplanned Momentary Interruptions to Supply (MAIFI)

This table does not require any inputs.

Worksheet 6.6 – STPIS Customer Service

Table 6.6.1 – Telephone Answering

Compliance with Requirements of the Notice

The data has been reported in accordance with the definitions provided by the AER unless otherwise specified in the Methodology & Assumptions section below.

Whilst Essential Energy does have other phone lines, data within this section was from the Fault line only.

Source of Information

Interactive Intelligence Call Management System was used to collect data.

Methodology & Assumptions

Essential Energy has a simple process for extracting the required data from the call management system, by running work group and skillset performance reports from their telephony clients. The reports generated include the total number of calls, number answered after the threshold and the total number of abandoned calls.

The Customer service information must be reported as per the definitions in the STPIS Guidelines, that is excluding:

- calls to payment lines and automated interactive services
- calls abandoned by the customer within 30 seconds of the call being queued for response by a human operator (where the time in which a telephone call is abandoned is not measured, then an estimate of the number of calls abandoned within 30 seconds will be determined by taking 20 per cent of all calls abandoned).
- calls occurring during a major event day or STPIS excluded event

Use of Estimated Information

There was no use of estimated information.

Reliability of Information

Interactive Intelligence retains details of each individual call throughout the reporting period with the functionality to also provide statistics about the received calls for a nominated period of time. The data is considered to be reliable.

Worksheet 6.7 – STPIS Daily Performance

Table 6.7.1 – Daily Performance Data - Unplanned

Compliance with Requirements of the Notice

The data has been reported in accordance with the definitions provided by the AER unless otherwise specified in the Methodology & Assumptions section below.

Whilst Essential Energy does have other phone lines, data within this section was from the Fault line only.

Source of Information

The Interactive Intelligence Call Management System was used to collect data.

Methodology & Assumptions

Essential Energy has a simple process for extracting the required data from the call management system, by running work group and skillset performance reports from their telephony clients. The reports generated include the total number of calls, number answered after the threshold and the total number of abandoned calls.

The Customer service information must be reported as per the definitions in the STPIS Guidelines, that is excluding:

- calls to payment lines and automated interactive services
- calls abandoned by the customer within 30 seconds of the call being queued for response by a human operator (where the time in which a telephone call is abandoned is not measured, then an estimate of the number of calls abandoned within 30 seconds will be determined by taking 20 per cent of all calls abandoned).
- calls occurring during a major event day or STPIS excluded event

Use of Estimated Information

There was no use of estimated information.

Reliability of Information

Interactive Intelligence retains details of each individual call throughout the reporting period with the functionality to also provide statistics about the received calls for a nominated period of time. The data is considered to be reliable.

Worksheet 6.8 – STPIS Exclusions

Table 6.8.1 – STPIS Exclusions

This table does not require any inputs.

Worksheet 6.9 – STPIS - GSL

Table 6.9.1 – Guaranteed Service Levels – Jurisdictional GSL Scheme

Compliance with Requirements of the Notice

Essential Energy is required to report the total number of GSL payments made within the stipulated period, and their associated value.

Source of Information

For the Reliability of Supply section, data is exported directly from the Contact Management System (CMS) and Customer Interaction Management System (CIM), which houses the details of GSL claims.

For the Public Lights section, data is exported directly from the PeacePlus9 system.

Methodology & Assumptions

Data is extracted from the CMS/CIM Network databases using the export views called Export GCSS and is exported to an Excel worksheet. The data is then filtered so that it contains CMS/CIM documents raised in the financial year that is being reported on. A pivot table is inserted so the data can be viewed by category, and showing the number paid and amount paid for each category. The totals for Network Reliability Duration and Network Reliability Frequency are then obtained and reported accordingly.

Data is extracted from the PeacePlus9 database by Finance in Excel format. The payments of $15 each are added up to arrive at the totals for repair of faulty public lights.

Use of Estimated Information

No estimations are made. The statistics provided are based on the user's input selections and are presented accordingly. Care is taken to ensure that all GSLs are categorised correctly and are regularly scrutinised for accuracy by the Customer Advocacy team and Customer Contact Centre.

Reliability of Information

The information is considered reliable.

Table 6.9.2 – Guaranteed Service Levels – AER GSL Scheme

This table does not require any inputs.

Worksheet 7.8 – Avoided TUOS Payments

Table 7.8.1 – Avoided TUOS Payments

Compliance with Requirements of the Notice

The following section provides details of Essential Energy's Avoided TUOS payments.

Source of Information

Data has been sourced directly from the Annual Regulatory Accounts.

Methodology & Assumptions

The data comes from the "Avoided TUOS expenditure" row in ARR Table 8.1.1.2.

Please refer to the Methodology and Assumptions for that table.

Use of Estimated Information

There has been no use of estimated information.

Reliability of Information

The data in this table is considered to be reliable.

Worksheet 7.10 – Juris Scheme

Table 7.10.1 –Jurisdictional Scheme Payments

Compliance with Requirements of the Notice

The following section provides details of Essential Energy's jurisdictional scheme payments.

Source of Information

The figures were sourced from the PeopleSoft finance system.

Methodology & Assumptions

Amounts were taken from the general ledger for the relevant account codes relating to Climate Change Levy (01065 and 01205), NSW Solar Bonus Scheme (10020 and 10030) and Queensland Solar Scheme (01061 and 01215). The receipts and payments were netted off against each other for each scheme.

Use of Estimated Information

There has been no use of estimated data.

Reliability of Information

The information provided is considered to be reliable.

Worksheet 7.11 – DMIS-DMIA

Table 7.11.1 – DMIA – Projects Submitted for Approval

Compliance with Requirements of the Notice

The projects and information provided within Table 7.11.1 is consistent with the AER's demand management incentive scheme for the ACT and NSW 2009 Distribution Determinations – Demand management innovation allowance scheme, Part A - Demand management innovation allowance, November 2008.

Note that a document detailing the projects outlined in Table 7.11.1 is also required.

Source of Information

All information required for Table 7.11.1 is recorded across Demand Management project numbers. The Demand Management team holds a complete list of relevant project numbers.

Methodology & Assumptions

Demand Management project costs are extracted from the finance system (Peoplesoft: 'EE_STD_GOV_PC - Standard Governed PC Query') by relevant project number.

Use of Estimated Information

There has been no use of estimated data.

Reliability of Information

The information provided is considered to be reliable.

Worksheet 7.12 – Safety and Bushfire

Table 7.12.1 – Safety and Bushfire Related Asset Group Definitions and Allocation Basis

This table does not require any inputs.

Table 7.12.2.1 – Number of Activities

This table does not require any inputs.

Table 7.12.2.2 – Expenditure

This table does not require any inputs.

Table 7.12.2.3 – Unit Costs

This table does not require any inputs.

Table 7.12.2.4 – Contingent Project Applications – Volumes Approved

This table does not require any inputs.

Table 7.12.2.5 – Contingent Project Applications – Expenditure Approved

This table does not require any inputs.

Table 7.12.3.1 – Number of Activities

This table does not require any inputs.

Table 7.12.3.2 – Expenditure

This table does not require any inputs.

Table 7.12.3.3 – Unit Costs

This table does not require any inputs.

Table 7.12.3.4 – Safety Improvement Outcomes Reported to ESV

This table does not require any inputs.

Table 7.12.3.5 – Safety Improvement Outcomes Reconciliation

This table does not require any inputs.

Worksheet 8.1 - Income

Table 8.1.1.1 – Revenue,

Table 8.1.1.2 – Expenditure and

Table 8.1.1.3 – Profit

Compliance with Requirements of the Notice

These tables contain data on the preparation of the Revenue, Expenditure and Profit sections of the Income worksheet of the Annual Reporting RIN.

Source of Information

Data shown in these tables has been sourced from the general ledger.

Methodology & Assumptions

The methodology applied has changed from 2017-18 whereby the revenue is now sourced directly from the general ledger in PeopleSoft (i.e. no allocation between business units as per prior years). Revenue is separated between Standard Control Services and Alternative Control Services based on the general ledger Business Unit. The general ledger Account was used to map revenue to the AER revenue categories. All customer contributions were reallocated from Standard Control and Alternative Control to the adjustments column. This is a change in that Alternative Control customer contributions were not previously reallocated. This change was made as the work is all contestable and to have a consistent approach across Business Units.

The process for expenditure is the same as prior years. The first step in the process involves the extraction of an end of financial year trial balance which is broken down according to the latest Peoplesoft tree structure by business unit, department, account, product and project number. This year the prior year process which used Power Query to categorise, allocate and summarise PeopleSoft data was automated. The enriched PeopleSoft data exists in the ODL, and logic (described below) and utilising tables within MDS is applied to allocate the line items across RIN Business Units. It is then summarised and used to update Rosetta. There was no change to the data being used or mapping tables and logic (unless otherwise stated).

A summarised transaction list for the year, which reconciles to the trial balance extracted from PeopleSoft tables into a combined table in the ODL which has only profit and loss and capex transactions. Only the profit and loss accounts are considered for the income and expenditure related tables.

The data is allocated in a five-step process in order:

1. Business unit - if the business unit is not CE001, then business unit allocation is used.
2. Product - if there is a product, then product allocation is used.
3. Project - if the business unit is CE001 and there is a project, then project allocation is used.
4. Account/Department - account/department allocation is used as indicated by the allocation basis in Account_Tree.
5. Override - override allocation is used.

Manual adjustments were made to reallocate capital contributions, revenue (per above), and incorrect mapping of project types for maintenance.

The table "Account_Tree" indicates the basis of allocation to be used for each account as shown in the "Allocation_Basis" field of the trial balance. This table is only used for data which is assigned to business unit CE001 and contains no product or project information. Within the table, "A" indicates allocation by account, "D" indicates allocation by department, and "P" indicates allocation by product. For each of these there is then a further table indicating the appropriate allocation to be used for each account, department, or product.

There is a facility to override the original allocation basis if it is not appropriate for a particular combination. This is managed in the table "OverRide_Labels".

The allocation percentages and the allocation methodologies are derived from company total Direct Spend for the year.

The resultant expenditure information is then reviewed by the Regulatory team and possibly adjusted to better reflect appropriate cost categorisation. Other adjustments may also be made, such as entries required to align the regulatory statements with Essential Energy's statutory accounts or incorrectly mapped project types. These adjustments are fed back into the model using the manual journal process.

The previous Power Query model is used as a check of the Enzen model data. This included updated logic which corrects issues with the allocation of revenue (customer contributions and product based revenue allocations) which required adjustments in the Enzen model. This model uses PeopleSoft data equivalent to the ODL data used by the Enzen model fed into an MS Excel model. There is provision for manual journals to isolate some additional data.

Use of Estimated Information

There is no use of estimates.

Reliability of Information

The data is considered to be reliable.

Worksheet 8.2 - Capex

Table 8.2.1 – Capex by Purpose – Standard Control Services

Compliance with Requirements of the Notice

The following section provides details of Essential Energy's Standard Control Services capex for the year, categorised by purpose.

Source of Information

The figures in the "Actual" column were sourced from data that has been derived from the PeopleSoft General Ledger and Asset Management modules. Detailed logic for the extraction of the relevant data and the mapping of the data to RIN Purposes and Categories has been documented by Enzen, a consultancy which has been automating the process. Financial Accounting and Asset Management provided input into the mapping.

The CAM rates were used to allocate non-system assets across the business units.

System asset splits by voltage level were obtained through the mapping of the asset profiles (lowest asset category within the PeopleSoft fixed asset module) to the Regulatory Categories through a manually prepared mapping table. Profiles were determined using project estimates (WASP) or activity types (Project on Line), or where the project has no estimates from the project types. This information was available within PeopleSoft. This replicates the PeopleSoft logic for the capitalisation of projects. For non-project capex the profiles were taken from the fixed asset module, i.e. the asset profile applied on capitalisation.

Forecast data has been sourced from the 2014-19 Final Distribution Determination.

Methodology & Assumptions

The "Actuals" data for the system asset split is from the PeopleSoft Finance System. This includes project system data from WASP and Project on Line (POL) or PeopleSoft projects, e.g. for Justify Types, Estimates, Activities (POL) and project types. These are applied to the capex transactional data which is based on a logic consistent with the determination of capital expenditure for statutory reporting. In summary the Justify types and resource categories (for overheads) are used for system assets to determine the capex purpose, the asset profile (derived from the project type, estimate (resource sub-category), activity, gift key or asset management transaction) is used to classify the asset by regulatory category, as well as to distinguish Water and Public Lighting assets. Further details are provided in Enzen logic documentation. In summary it includes all Work In Progress account transactions, other than asset capitalisations and write offs, all direct capitalisations (non-project), gifted assets capitalised (adjusted for opening and closing accruals) and a movement in capital stores. The opening and closing gifted asset accruals are classified based on the asset type (using the Gift Key) provided in the Customer Works Management Database.

Overhead figures were derived from the PeopleSoft transactional data and collated using the relevant Resource Category codes (OHNW and OHCO)

System asset voltage level splits were obtained by assigning asset classes (derived Profiles) to voltage levels. The figures were added up to obtain totals for the various voltage levels.

The forecast data, representing, in total, the capex allowance in the 2014-19 Final Distribution Determination, has been split into regulatory categories based on the category splits in Essential Energy's final submission. The impact of the AER forecast inflation from the 2014-19 Final Distribution Determination has been removed and the data has been re-inflated to take into account the impact of actual inflation outcomes.

After deriving outputs based on the above the outputs were reviewed and a number of adjustments were made, which were mainly required due to incorrect or missing data which the project set up or estimates and missing mappings.

An adjustment was also made to the split between customer funded and internally funded assets to reflect only the value of gifted assets or contributions receivable as customer funded as the value of capex within an asset profile for a customer funded asset generally includes a portion funded by Essential Energy. The revenue recognised is used to determine this amount.

Use of Estimated Information

There has been no use of estimated data.

Reliability of Information

The data in this table is considered to be reliable.

Table 8.2.2 – Capex by Purpose – Material Difference Explanation

This table relates to the explanation of material differences between forecast and actual data. The table has been populated with those explanations if required.

Table 8.2.3 – Capex Other

Compliance with Requirements of the Notice

The following section provides details of Essential Energy's alternative control and negotiated services capex for the year.

Source of Information

The figures in the "Actual" column were sourced from data that has been derived from the PeopleSoft General Ledger and Asset Management modules. Detailed logic for the extraction of the relevant data and the mapping of the data to RIN Purposes and Categories has been documented by Enzen, a consultancy which has been automating the process. Financial Accounting and Asset Management provided input into the mapping.

Profiles were determined using project estimates (WASP) or activity types (Project on Line), or where the project has no estimates from the project types. This information was available within PeopleSoft. This replicates the PeopleSoft logic for the capitalisation of projects. For non-project capex the profiles were taken from the fixed asset module, i.e. the asset profile applied on capitalisation.

Forecast data has been sourced from the 2014-19 Final Distribution Determination.

Methodology & Assumptions

The "Actuals" data for the system asset split is from the PeopleSoft Finance System. This includes project system data from WASP and Project on Line (POL) or PeopleSoft projects, e.g. for Justify Types, Estimates, Activities (POL) and project types. These are applied to the capex transactional data which is based on a logic consistent with the determination of capital expenditure for statutory reporting. In summary the asset profile (derived from the project type, estimate (resource sub-category), activity, gift key or asset management transaction) is used to classify the asset by regulatory category, as well as to distinguish Public Lighting assets.

Capex includes all Work In Progress account transactions, other than asset capitalisations and write offs, all direct capitalisations (non-project), gifted assets capitalised (adjusted for opening and closing accruals)

and a movement in capital stores. The opening and closing gifted asset accruals are classified based on the asset type (using the Gift Key) provided in the Customer Works Management Database.

Overhead figures were derived from the PeopleSoft transactional data and collated using the relevant Resource Category codes (OHNW and OHCO)

The forecast data, representing, in total, the capex allowance in the 2014-19 Final Distribution Determination, has been split into regulatory categories based on the category splits in Essential Energy's final submission. The impact of the AER forecast inflation from the 2014-19 Final Distribution Determination has been removed and the data has been re-inflated to take into account the impact of actual inflation outcomes.

After deriving outputs based on the above the outputs were reviewed and a number of adjustments were made, which were mainly required due to incorrect or missing data which the project set up or estimates and missing mappings.

An adjustment was also made to the split between customer funded and internally funded assets to reflect only the value of gifted assets or contributions receivable as customer funded as the value of capex within an asset profile for a customer funded asset generally includes a portion funded by Essential Energy. The revenue recognised is used to determine this amount.

Use of Estimated Information

There has been no use of estimated data.

Reliability of Information

The data in this table is considered to be reliable.

Table 8.2.4 – Capex by Asset Class

Compliance with Requirements of the Notice

The following section provides details of Essential Energy’s Standard Control Services capex for the year, categorised by asset class.

Source of Information

Refer to 8.2.1 - The data is sourced from PeopleSoft.

Forecast data has been sourced from the 2014-19 Final Distribution Determination.

Methodology & Assumptions

Refer to the Methodology & Assumptions sections for 8.2.1.

Provision movements are based on the EB RIN Provision Table, with the capex element prorated across the system asset categories.

The forecast data, representing, in total, the capex allowance in the 2014-19 Final Distribution Determination, has been split into regulatory categories based on the category splits in Essential Energy's final submission. The impact of the AER forecast inflation from the 2014-19 Final Distribution Determination has been removed and the data has been re-inflated to take into account the impact of actual inflation outcomes.

The capex proportion of each provision's total increase was applied to each provision's total movement for the year (closing balance minus opening balance), to arrive at the capitalised movement in the provision.

This amount was then pro-rated across the various system asset categories, basing the split on the amount of capex in each of those categories. The amounts arrived at in this fashion for both provisions were added across the two provisions, resulting in a total capitalised movement in provisions.

Use of Estimated Information

There has been no use of estimated data.

Reliability of Information

The data in this table is considered to be reliable.

Table 8.2.5 – Capital Contributions by Asset Class

Compliance with Requirements of the Notice

The following section provides details of Essential Energy's capital contributions received for the year, categorised by asset class.

Source of Information

Amounts were sourced from the PeopleSoft General Ledger and Asset Management Module. An adjustment was made to account for the accrued opening and closing gifted assets balances (due to timing difference in capitalisation) and to account for the internally funded portion of assets with a customer funded asset profile.

Forecast data has been sourced from the 2014-19 Final Distribution Determination.

Methodology & Assumptions

Capital contributions, whilst sourced from the Peoplesoft general ledger and asset management modules, is manually adjusted for the difference between the opening and closing gifted assets accruals for the year, as June accrual values are not captured within Asset Manager. The difference between the opening and closing gifted assets accruals for the year is based on Gift Keys provided within the source database Contestable Works Management System mapped to asset profiles. An adjustment is made to customer funded project totals to agree to the revenue recognised as not all of the capex on a customer funded project is recovered from a customer.

The forecast data has been split into regulatory categories based on the category splits in Essential Energy's final submission. The impact of the AER forecast inflations from the 2014-19 Final Distribution Determination has been removed and the data has been re-inflated to take into account the impact of actual inflation outcomes.

Use of Estimated Information

There has been no use of estimated data.

Reliability of Information

The data in this table is considered to be reliable.

Table 8.2.6 – Disposals by Asset Class

Compliance with Requirements of the Notice

The following section provides details of Essential Energy's asset disposals for the year, categorised by asset class.

Source of Information

The figures were sourced from a listing of disposals for the financial year which reconciles to PeopleSoft general ledger.

Forecast data has been sourced from the 2014-19 Final Distribution Determination.

Methodology & Assumptions

The disposals data was taken from a summary report of fixed asset movements compiled by the Finance team, which was also used by that department to assist with compiling fixed assets information for the 2018-19 audited statutory accounts.

The forecast data has been split into regulatory categories based on the category splits in Essential Energy's final submission. The impact of the AER forecast inflations from the 2014-19 Final Distribution Determination has been removed and the data has been re-inflated to take into account the impact of actual inflation outcomes.

System Assets, including system land and buildings have been allocated to the relevant business units, with non-system assets being allocated based on the CAM allocation rates.

Use of Estimated Information

There has been no use of estimated data.

Reliability of Information

The data in this table is considered to be reliable.

Worksheet 8.4 - Opex

Table 8.4.1 – Operating & Maintenance Expenditure – By Purpose

Compliance with Requirements of the Notice

The following section provides details of Essential Energy's operating and maintenance expenditure, by purpose.

Source of Information

The figures were sourced from the PeopleSoft finance system.

Forecast data has been sourced from the 2014-19 Final Distribution Determination.

Methodology & Assumptions

2018-19 PeopleSoft general ledger transactions were uploaded into a database. There, each transactional combination of department, account, product and project type, and its subtotal, was classified with a standard description and a label, as well as an allocation method (for allocating dollar values into RIN categories). The allocation method and subsequent allocation percentages were assigned to RIN categories as per Essential Energy's Cost Allocation Methodology (CAM).

The process for expenditure is the same as prior years. The first step in the process involves the extraction of an end of financial year trial balance which is broken down by business unit, department, account, product and project number. Data is also extracted on the last tree structure (account, department, product and project) for the year in question, and data on project types. This year the prior year process (which used Power Query to categorise, allocate and summarise PeopleSoft data) was automated. The enriched PeopleSoft data exists in the ODL, and logic (described below) and utilising tables within MDS is applied to allocate the line items across RIN Business Units. It is then summarised and used to update Rosetta. There was no change to the data being used or mapping tables and logic (unless otherwise stated).

The data is allocated in a four-step process in order:

1. Business unit - if the business unit is not CE001, then business unit allocation is used.
2. Project - if the business unit is CE001 and there is a project, then project allocation is used.
3. Account/Department - account/department allocation is used as indicated by the allocation basis in Account_Tree.
4. Override - override allocation is used.

Manual adjustments were made to reallocate incorrect mapping of project types for maintenance.

The table "Account_Tree" indicates the basis of allocation to be used for each account as shown in the "Allocation_Basis" field of the trial balance. This table is only used for data which is assigned to business unit CE001 and contains no product or project information. Within the table, "A" indicates allocation by account, "D" indicates allocation by department, and "P" indicates allocation by product. For each of these there is then a further table indicating the appropriate allocation to be used for each account, department, or product.

There is a facility to override the original allocation basis if it is not appropriate for a particular combination. This is managed in the table "OverRide_Labels".

The allocation percentages and the allocation methodologies are derived from company total Direct Spend for the year.

Adjustments may be made, such as entries required to align the regulatory statements with Essential Energy's statutory accounts or incorrectly mapped project types. These adjustments are fed back into the model using the manual journal process.

The previous Power Query model is used as a check of the Enzen model data. This included updated logic which corrects issues with the allocation of revenue (customer contributions and product based revenue allocations) which required adjustments in the Enzen model. This model uses PeopleSoft data equivalent to the ODL data used by the Enzen model fed into an MS Excel model. There is provision for manual journals to isolate some additional data.

The enriched trial balance was saved into an MDS file. Label and description columns were filtered to show the total transactions falling under each opex category.

The totals are reduced by any amounts relating to each category which exist in the Finance overhead pool that would have been allocated to Capex.

Forecast data is shown only in the "Total" row at the bottom of the table. It is the total opex allowance from the 2014-19 Final Distribution Determination and is shown in this way in Table 8.4.1 as the AER did not provide a breakup by opex category in its final decision. The impact of the AER forecast inflations from the 2014-19 Final Distribution Determination has been removed and the data has been re-inflated to take into account the impact of actual inflation outcomes.

Use of Estimated Information

The information that has been sourced from the Finance system is considered to be actual data.

Reliability of Information

Whilst the accuracy of the data contained in this table is dependent on the accuracy of the labels and descriptions applied to the transactions described above, the data in this table is considered to be reliable.

Table 8.4.2 – Operating & Maintenance Expenditure – By Purpose – Margins Only

Essential Energy has no related parties and therefore no related party margin expenditure.

Table 8.4.3 – Operating & Maintenance Expenditure – Explanation of Material Difference

This table relates to the explanation of material differences between forecast and actual data. The table has been populated with those explanations if required.

Worksheet 9.5 - TUoS

Table 9.5.1 – TUOS Charges (AEMO)

This table does not require any inputs.

Table 9.5.2 – Transmission Connection Fees

This table does not require any inputs.

Table 9.5.3 – Cross Boundary Network Charges

This table does not require any inputs.

Table 9.5.4.1 – Avoided Transmission Costs

This table does not require any inputs.

Table 9.5.4.2 – Avoided TUoS Usage Charges

This table does not require any inputs.