1.4(b) All material assumptions relied upon;	***1.5(a) source or basis;***	***1.5(b) if applicable, its quantum;***	***1.5(c) whether and how the assumption has been applied and was taken into account;***	***1.5(d) the effect or impact of the assumption on the capital and operating expenditure forecasts***
Opex				
Deriving efficient base year	2017/18 represents a year of efficient recurrent expenditure to be used as the starting point for the 2019-24 opex forecast	See opex model	See *Attachment 6: Operating expenditure* 6.6.1 -6.6.3	See opex model
Trend growth of base opex	Evoenergy has adopted an approach consistent with the AER's rate of change formula to trend forward efficient opex in the base year to account for efficient changes in opex over time and ensure total opex over the period reflects the opex criteria. This includes consideration of real price change, output growth and productivity growth. Evoenergy engaged BIS Oxford Economics to provide an expert report on the outlook for relevant labour cost escalators, expressed in terms of a wage price index for electricity, gas, water and waste services industries. BIS Oxford Economics' forecast is provided at Appendix 5.9	See opex model	See *Attachment 6: Operating expenditure* 6.6.4	See opex model
Step change	Evoenergy's vegetation management costs will increase compared to the base year from 1 July 2018, following amendments to the Utilities (Technical Regulation) Act 2014 passed by the ACT Legislative Assembly on 8 November 2017.See Appendix 6.1 Evoenergy has assessed its options for servicing demand in a new urban development planned for West Belconnen. Through this process, Evoenergy has evaluated network and non-network solutions and has identified an opportunity to postpone the need for the construction of a new zone substation by meeting demand in this area with an efficient combination of lower initial capex investment and opex. See Appendix 6.2 CutlerMerz report	See opex model	See *Attachment 6: Operating expenditure* 6.6.5	See opex model

Capex				
Weighting of project components underlying capital expenditure forecasts.	Material and labour cost escalators have been applied to various asset classes for forecast capital expenditure for the 2019-24 period. Weightings used have been independently verified to determine the impact that cost escalators have on the overall price of specific assets.	See capex model	See *Attachment 5: Capital expenditure* 5.7.2 *Appendices 5.6-5.7.*	See capex model
Forecast capital contributions	Capital contribution forecasts based on historical trends using Evoenergy's Connection policy (approved by the Australian Energy Regulator) for each category of customer initiated capital expenditure.	See capex model	*Attachment 5: Capital expenditure 5.10,5.14. Appendix 5.10.*	See capex model
Demand forecasts have been used to develop augmentation related capital expenditure forecasts.	Ten-year forecasts of maximum summer and winter load demands at all zone substations have been developed. Evoenergy's bottom-up zone substation forecasts uses the Monash Electricity Forecasting Model to model the historical trend of demand growth, and to forecast future peak demand. In addition, a top-down econometric forecast of system demand was undertaken and reconciled with the bottom-up forecasts. Two separate forecast scenarios are produced, for summer and winter peak demands.	See capex model	*Attachment 5: Capital expenditure* 5.11 Appendixes 3.2, 5.21-5.35.	See capex model
Capex forecasting approach	Evoenergy's proposed capital expenditure has been forecast using zero based, base year, and top down approaches. A top down approach was used in conjunction with a zero based approach for most of the repex and augex forecasts. For customer initiated capex, forecasts are based on an approach using a combination of historical averages and time series regression analysis. A smaller part of the capital expenditure forecasts (plant and equipment and some non-system assets) are based on historical estimates and represent provisional amounts.	See capex model	*Attachment 5: Capital expenditure Appendixes 5.1-5.5.*	See capex model