Jemena Electricity Networks (Vic) Ltd

2021-26 Electricity Distribution Price Review Regulatory Proposal

Attachment 07-04

Regulatory asset base, regulatory depreciation and tax asset base

TABLE OF CONTENTS

Glossary

Current regulatory period	The regulatory control period covering 1 January 2016 to 31 December 2020
Grattan	Grattan Institute
Intervening period	The six months between the end of the current regulatory period and beginning of the next regulatory period covering 1 Jan 2021 to 30 Jun 2021
Next regulatory period	The regulatory control period covering 1 July 2021 to 30 June 2026
Regulatory Proposal	2021-26 electricity distribution price review regulatory proposal

Abbreviations

ACCC	Australian Consumer and Competition Commission
AEMC	Australian Energy Market Commission
AER	Australian Energy Regulator
CPI	Consumer Price Index
CY	Calendar Year
EDPR	Electricity Distribution Price Review
FY	Financial Year
ITAA	Income Tax Assessment Act
JEN	Jemena Electricity Networks (Vic) Ltd
NEM	National Electricity Market
NER	National Electricity Rules
NPV	Net Present Value
PTRM	Post-Tax Revenue Model
RAB	Regulatory Asset Base
RFM	Roll Forward Model
RIN	Regulatory Information Notice
SCS	Standard Control Services
TAB	Tax Asset Base
WARL	Weighted Average Remaining Life

Overview

To provide Standard Control Services (**SCS**) to customers, we invest in assets such as poles, wires and transformers, as well as non-network assets such as information technology, and other plant and equipment. The capital investment we undertake informs the value of our Regulated Asset Base (**RAB**) and Tax Asset Base (**TAB**).

This attachment sets out how we have calculated our JEN's RAB and TAB, including:

- the roll forward of JEN's RAB to:

    - the end of the current regulatory period (30 December 2020)

    - the end of the intervening period[1] (30 June 2021)

    - the end of the next regulatory period (30 June 2026)

- forecast regulatory depreciation

- the roll forward of JEN's **TAB** which is used to calculate the corporate income tax allowance.

Unless otherwise stated, dollar figures throughout this document are expressed in real June 2021 dollars.

Investment in our RAB is efficient

To determine the value of our opening SCS RAB, we use the AER's standard roll forward model. Figure OV–1 below depicts the value of our SCS RAB from 1 January 2016 to 31 December 2020 (**current regulatory period**) and forecast value over the regulatory control period covering 1 July 2021 to 30 June 2026 (**next regulatory period**).

Figure OV–1: JEN's Opening Standard Control Services RAB ($ June 2021, millions)
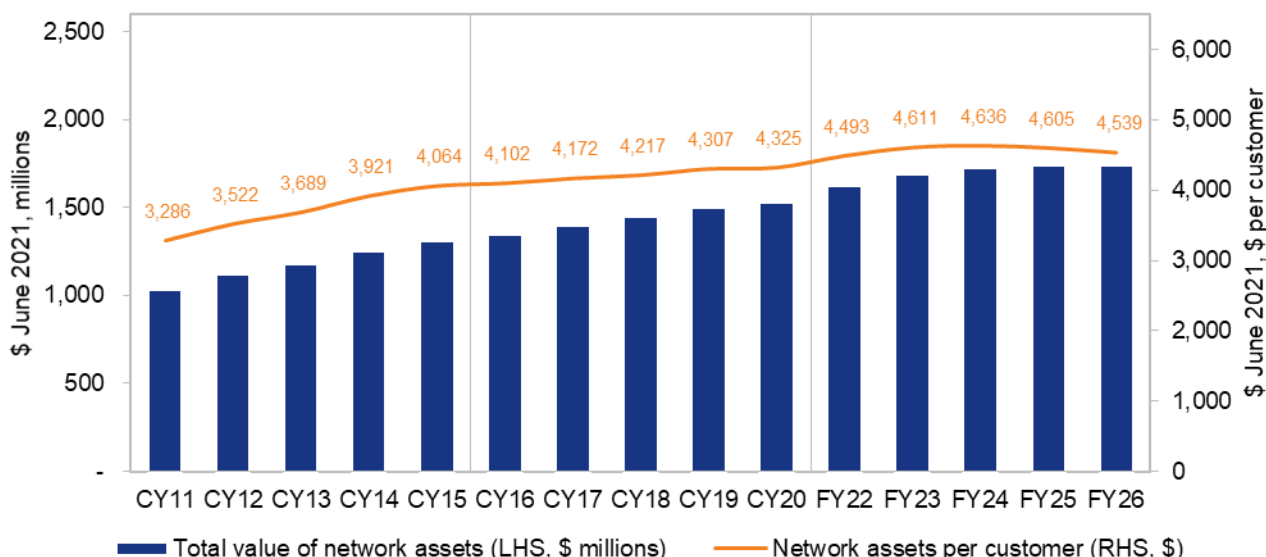
By the end of the next regulatory period, the total value of the RAB will have increased, but the value of the RAB per customer will be similar to what it was at the start of the period. We have sought to limit RAB growth by ensuring that only capital investment required to meet the capital expenditure objectives set out in the National

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1   The intervening period covers six months between the end of the current regulatory period and beginning of the next regulatory period. It covers 1 Jan 2021 to 30 Jun 2021.

Electricity Rules (**NER**) is undertaken and included in the RAB.[2] In particular, we forecast to spend 18 per cent less capital expenditure than allowed for in the current regulatory period.

In addition, we aim to limit further growth in the RAB in the next regulatory period and beyond by:

- continuing the year-on-year asset tracking approach which depreciates assets over their standard lives as discussed further in section 2 of this attachment

- expensing, rather than capitalising, corporate overheads (as further discussed in Attachments 05-01 *Forecast capital expenditure report* and 06-01 *Operating expenditure*).

We also note that the efficiency of JEN's capital investments is supported by the Australian Consumer and Competition Commission (**ACCC**) 2018 report into retail electricity pricing—a report requested by the Federal Treasurer—which identified several jurisdictions in which over-investment (and therefore, a higher RAB) was concentrated; these included Queensland, New South Wales and Tasmania. In its report, the ACCC indicated that over-investment was not identified in South Australia or Victoria.[3]

The ACCC's findings were made by reference to a report issued by the Grattan Institute (**Grattan**).[4] Grattan's report estimated excess RAB growth by reference to asset growth relative to usage. In their findings, JEN was amongst the most efficient DNSPs, having RAB growth in line with usage where usage is defined as the aggregate growth in customer number and growth in maximum demand; with other networks recording RAB growth significantly exceeding usage. This analysis is outlined in Figure OV–2 below.[5]

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[2]   NER cl 6.5.7(a).

[3]   ACCC, *Restoring electricity affordability and Australia's competitive advantage Retail Electricity Pricing Inquiry—Final Report*, June 2018, p 164.

[4]   Grattan Institute, *Down to the write, A sustainable electricity network for Australia*, March 2018, p 24.

[5]   For example, a 1 per cent increase in each - customer number and maximum demand - equates to a 2 per cent increase in 'network use', so the RAB can increase by 2 per cent to stay on par with network use.

Figure OV–2: RAB growth relative to use ($ 2017, billions)
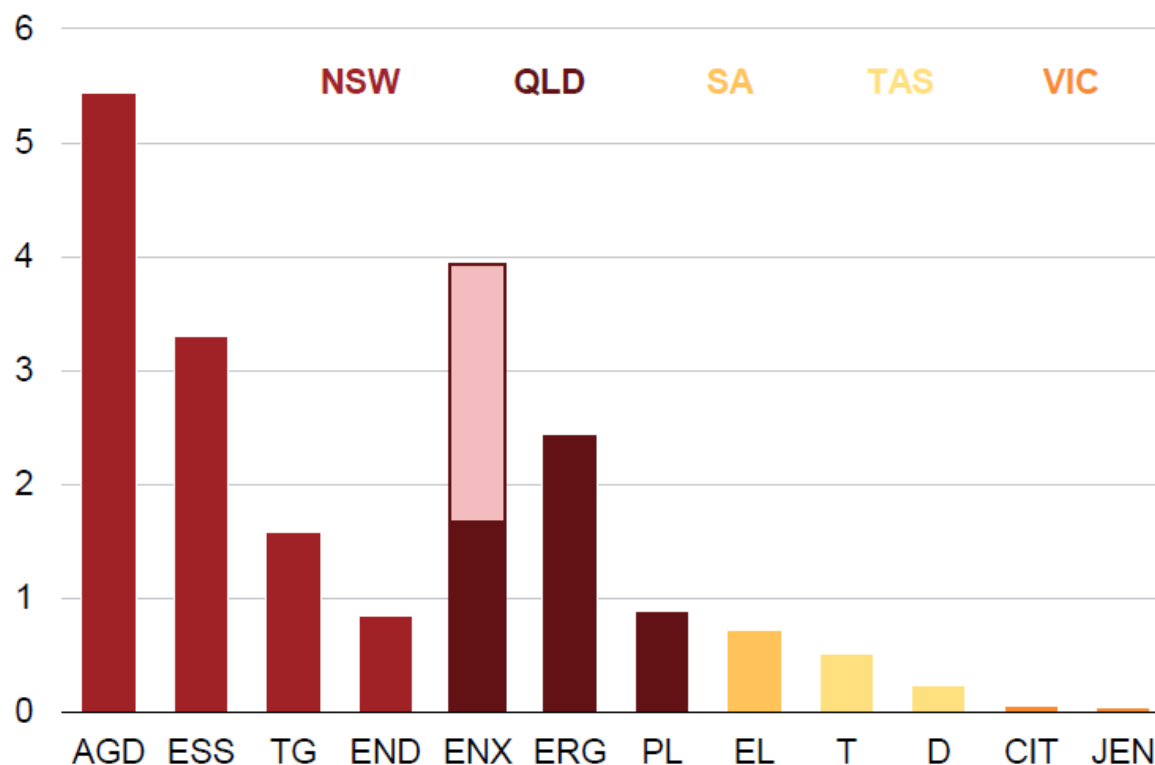
Source: Figure 3.2, *Grattan Institute, Down to the write, A sustainable electricity network for Australia*, March 2018.

(1) AGD = Ausgrid, ESS = Essential, TG = TransGrid, END = Endeavour, ENX = Energex, ERG = Ergon, PL = Powerlink, EL = Electra Net, T = TasNetworks transmission, D = TasNetworks distribution, JEN = Jemena, CIT = CitiPower

Grattan concluded that while networks in NSW, Queensland and Tasmania, RABs outgrew usage the networks in Victoria, South Australia and the ACT grew by less than usage.

We consider that the value of our RAB reflects prudent and efficient investment decisions, and helps deliver on our commitment to customers to address affordability concerns in the next regulatory period.

1. Regulatory asset base

1.1 Summary

The RAB value represents the unrecovered capital expenditure that we have incurred to provide SCS to our customers.[6] The RAB is used as the basis to calculate the return-on[7] and return-of[8] capital derived by applying, respectively, the allowed rate of return[9] and regulatory depreciation[10] to the RAB.

We estimate the value of JEN's RAB at the start of the next regulatory period will be $1.551B and that it will increase by approximately 12 per cent%, to $1.737B by the end of the next regulatory period. The projected increase in our RAB is principally attributed to the forecast capital expenditure we require to ensure we can continue to provide reliable, safe and secure supply to our customers.[11]

The RAB is rolled forward over the current regulatory period and next regulatory period in accordance with clauses 6.5.1(e) and S6.2 of the NER, using the AER's amended Roll Forward Models (**RFM**) and Post Tax Revenue Models (**PTRM**) accounting for an extra half year in the intervening period.[12] Relevantly, the calculation of the RAB roll forward includes adjustments for:

• where applicable, the difference between actual and forecast net capital expenditure in CY15

• new capital expenditure, net of capital contributions and asset disposals

• straight-line depreciation and indexation.

This process for calculating the RAB is illustrated in Figure 1–1.

Figure 1–1: How the RAB is calculated

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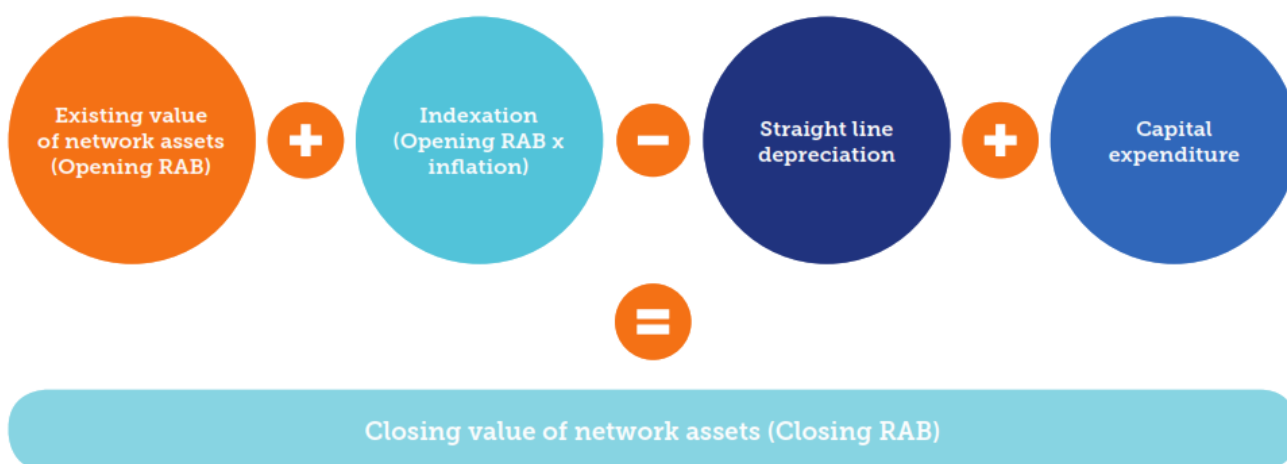
[6] The RAB includes only those assets used to provide SCS. See, NER cl 6.5.1(a).

[7] NER cl 6.5.2.

[8] NER cl 6.5.5.

[9] Refer to Attachment 07-02 *Rate of Return* of this regulatory proposal.

[10] Refer to section 2 of this Attachment.

[11] Refer to Attachment 05-01 *Forecast capital expenditure report* of this regulatory proposal.

[12] Refer to Attachment 07-01 *Annual revenue requirement* section 1.1 of this regulatory proposal for details on the guidance we received from the AER and the models we adopted.

Table 1–1 summarises the RAB values from 1 January 2016 to 30 June 2026.[13]

Table 1–1: Forecast value of RAB on 30 June 2026 ($ June 2021, millions)

Regulatory asset base	Opening RAB at 1-Jan-16	Opening RAB at 1-Jan-21	Opening RAB at 1-Jul-21	Closing RAB at 30-Jun-26
Total	**1,287.2**	**1,525.8**	**1,551.2**	**1,737.4**

The remainder of this section explains our approach for calculating the above RAB values, including the inputs which are used within the roll-forward model (**RFM**) and post tax revenue models (**PTRM**).[14]

1.2   Opening RAB as at 1 January 2021

The first step in determining the opening RAB for the next regulatory period is to roll forward the RAB in the current regulatory period by adjusting for the items set out in S6.2.1(e) of the NER. Specifically, this involved adjusting the opening RAB as at 1 January 2016 to:

• remove the difference between estimated and actual capital expenditure for CY15 and resulting adjustment to return on and of capital

• add indexation of the opening RAB of each regulatory year, CY16 to CY20 (using actual changes in the consumer price index (**CPI**)

• add capital expenditure (see section 1.5), net of capital contributions (see section 1.5.1) and asset disposals (see section 1.5.2)

• deduct depreciation (see section 2).

The annual change in CPI that we used to undertake the indexation of the RAB is set out in Table 1–2.

Table 1–2: Change in CPI (%)

Details	CY16	CY17	CY18	CY19	CY20
Annual change in CPI (%)	1.50%	1.02%	1.93%	2.08%	1.59%

(1)   Values are consistent with the CPI values applied in the price control formula.

Table 1–3 sets out the roll forward of the RAB for each regulatory year in the current regulatory period.

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[13]   NER cl S6.1.3(7). We provide the supporting calculations for the RAB roll-forward in (i) Attachment 07-15 *PTRM FY22-26*, (ii) Attachment 07-17 *RFM CY16-HY21*, (iii) Attachment 07-18 *Depreciation Model CY16-HY21*, (iv) Attachment 07-21 *Roll Forward Model CY16-CY20*, (v) Attachment 07-22 *Depreciation Model CY16-CY20*, and (vi) Attachment 07-23 *PTRM HY21*, of this regulatory proposal.

[14]   Attachment 07-17 *SCS RFM CY16-HY21*, Attachment 07-21 *SCS RFM CY16-CY20*, Attachment 07-23 *SCS PTRM HY21* and Attachment 07-15 *SCS PTRM FY22-26*.

Table 1–3: Roll forward of the RAB over the current regulatory period ($ nominal, millions)

Details	CY16	CY17	CY18	CY19[1]	CY20[1]
Opening balance	1,186.8	1,238.1	1,312.4	1,386.1	1,455.3
add indexation [2]	17.8	12.7	25.4	28.8	23.2
add net capital expenditure [3]	115.9	134.7	128.4	127.2	126.1
less straight-line depreciation [4]	-82.4	-73.0	-80.2	-86.7	-93.7
Adjustment	-	-	-	-	-0.2 [5]
Closing balance	**1,238.1**	**1,312.4**	**1,386.1**	**1,455.3**	**1,510.7**

(1) Values for CY19 and CY20 are estimates based on current capital expenditure forecasts.

(2) Indexation = opening balance x actual CPI for the year.

(3) Net capital expenditure = gross capital expenditure (including equity raising costs) - capital contributions - asset disposals.

(4) Depreciation for the current period is consistent with forecast straight-line depreciation in accordance with NER cl 6.5.5(b)(3).

(5) Adjustment = difference between forecast and actual CY2015 net capital expenditure plus return on capital from the net capital expenditure differential.

(6) Where applicable, these notes also apply to the other tables in this attachment, where we present the same type of information.

The closing RAB value for CY20 constitutes the opening RAB for the intervening period discussed in the section below. We confirm that our actual CY16 to CY18 capital expenditure and estimated capital expenditure for CY19 and CY20 over the current regulatory period is below the AER allowance determined in its Final Decision[15,16] and it has been recorded in accordance with JEN's cost allocation methodology as demonstrated through our unqualified Annual Reporting Regulatory Information Notice (**RIN**) response audit reports submitted to the AER annually.

1.3   Projected RAB for the intervening period

We have rolled forward the RAB from 1 January 2021 to 30 June 2021 to determine the opening balance for the next regulatory period as at 1 July 2021. Our approach is consistent with the set of models provided by the AER in September 2019 to roll forward the RAB for an additional six months, being the intervening period.[17]

Consistent with the method outlined in section 1.2, we adjusted the opening RAB as of 1 January 2021 for the intervening period as set out in Table 1–5.

Table 1–4: Roll forward of RAB over the intervening period ($ nominal, millions)

Details	1 January 2021 to 30 June 2021
Opening balance	1,510.7
add indexation of RAB	17.8
add net capital expenditure	61.6
less straight-line depreciation	-39.0
Closing balance	**1,551.1**

1.4   Projected RAB for the next regulatory period

We have rolled forward the RAB from 1 July 2021 to 30 June 2026 as set out in Table 1–5.

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[15]   AER, *Final decision Jemena Distribution Determination*, *Attachment 6 Capital Expenditure*, May 2016.

[16]   Table OV-1, Attachment 05-02 *Historical capital expenditure report*.

[17]   These models are provided as (i) Attachment 7-17 *RFM – CY16-HY21* (ii) Attachment 7-18 *Depreciation Model CY16-HY21* (iii) Attachment 7-23 *PTRM HY21*.

Table 1–5: Roll forward of the RAB over the next regulatory period ($ nominal, millions)

Details	FY22	FY23	FY24	FY25	FY26
Opening balance	1,551.1	1,662.2	1,772.0	1,850.6	1,909.1
add indexation of RAB	158.1	162.8	134.5	118.6	106.6
add net capital expenditure	36.7	39.3	41.9	43.8	45.1
less straight-line depreciation	-83.7	-92.4	-97.8	-103.9	-108.0
Closing balance	**1,662.2**	**1,772.0**	**1,850.6**	**1,909.1**	**1,952.8**

As shown above, we expect our RAB to increase at a modest pace over the next regulatory period due to increase in network growth.

1.5   Net capital expenditure

The following tables set out net capital expenditure over the current and next regulatory periods. Section 1.5.1 discusses our capital contributions and section 1.5.2 discusses our asset disposals.

Table 1–6: Net capital expenditure over the current regulatory period ($ June 2021, millions)

Details	CY16	CY17	CY18	CY19 (estimate)	CY20 (estimate)	Total
Gross capital expenditure	141.2	171.6	162.5	162.2	167.8	**805.3**
less capital contributions	-14.4	-26.7	-26.6	-30.3	-39.1	**-137.1**
less asset disposals	-0.2	-0.2	-0.4	-0.1	-0.2	**-1.1**
Net capital expenditure	**126.6**	**144.7**	**135.5**	**131.8**	**128.5**	**667.1**

Source: Attachment 07-17 *SCS RFM CY16-HY21*.

Table 1–7: Net capital expenditure over the intervening period ($ June 2021, millions)

Details	1 January 2021 to 30 June 2021
Gross capital expenditure	80.0
less capital contributions	-18.0
less asset disposals	-0.1
Net capital expenditure	**61.9**

Table 1–8: Net capital expenditure over the next regulatory period ($ June 2021, millions)

Details	FY22	FY23	FY224	FY25	FY26	Total
Gross capital expenditure	185.8	183.4	154.7	137.5	123.4	**784.8**
less capital contributions	-32.9	-29.6	-30.6	-30.5	-29.4	**-153.0**
less asset disposals	-0.2	-0.1	-0.1	-0.1	-0.1	**-0.5**
Net capital expenditure	**152.7**	**153.7**	**124.1**	**106.9**	**93.9**	**631.3**

1.5.1   Capital contributions

In most cases where a customer requests a new connection service or change in their connection, we must expend capital to meet the request. In some cases, we request a capital contribution from the customer where the present value of incremental costs associated with meeting the customer's request—including capital and ongoing operating and maintenance costs—exceeds the present value of the incremental revenue that will be generated by the new or changed service.[18]

Where the work proceeds (as the customer has agreed to pay the contribution), the customer's contribution to the capital cost of the asset is excluded from the RAB. It is only our contribution to the cost of the asset—that is, the total cost of the asset less the customer's contribution—that enters the RAB.

Details on how we calculate our capital contributions are set out in Attachment 05-11 *Capex model* and described further in Appendix C of Attachment 05-01 *Forecast capital expenditure report*.

1.5.2   Asset Disposals

Forecast disposals for the next regulatory period are estimated by applying the proportion of actual disposals to actual gross capital expenditure for each RAB asset category in the current regulatory period. Specifically, we take a simple average of three years (CY16, CY17 and CY18) of actual disposals relative to the actual gross capital expenditure for each asset class. These proportions are then multiplied to the forecast gross capital expenditure for CY19 to FY26 for each asset category.[19]

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[18]   We determine the amount of a capital contribution in accordance with the AER's *Final Decision connection charge guidelines: under chapter 5A of the National Electricity Rules For retail customers accessing the electricity distribution network*, 20 June 2012.

[19]   Asset disposals are forecast in Attachment 05-11 *Capex model* and described further in Attachment 05-01 *Forecast capital expenditure*.

2.   Regulatory depreciation

2.1   Straight-line depreciation methodology

We will continue the year-on-year tracking approach to calculating regulatory depreciation for new assets. This approach is consistent with the approach adopted by the AER in JEN's 2016-20 EDPR final determination.[20] The year-on-year tracking method is a well-accepted methodology which incorporates the timing of new additions for each asset class in the relevant regulatory year, providing more granular and accurate information on the remaining economic asset lives.

To continue applying the year-on-year tracking approach, we utilise the depreciation models provided by the AER in September 2019 which account for the intervening period.[21]

2.2   Asset classes

We maintain the same asset classes for the next regulatory period as those that apply in the current regulatory period, except for incorporating the recommendations of the AER in its regulatory tax review final decision.[22] Specifically, in accordance with the recommendations in the AER's regulatory tax final decision, we added two asset classes for in-house software and buildings.

2.3   Standard economic lives

The calculation of depreciation is based on the economic life of the assets or category of assets.[23] This allows JEN to have its capital returned at a rate which reflects the decline in economic values of the assets. The economic life of an asset is the estimated period that the asset will be able to be used in its current, or intended, function to deliver services to customers.

Table 2–1 sets out the standard economic lives that we have adopted for the next regulatory period. The economic lives are the same as the economic lives approved by the AER in the current regulatory period, except for:

• the new asset classes (in-house software and buildings)

• changes to economic lives for 'Non-network – other' asset class and equity raising costs.

We have estimated the economics lives for in-house software and buildings in accordance with the standard lives applied to those same categories in recent AER draft decisions.[24]

With the inclusion of the new asset classes which continue to apply straight-line depreciation for tax depreciation purposes, we have reduced the economic life of the 'Non-Network – Other' asset class for the next regulatory period. The reduction is driven by the removal of buildings (which attract 40 year asset lives[25]) from this asset class to their own stand-alone class. The new economic life for 'Non-network – other' assets is lowered to 5 years based on AusNet Services Distribution's standard life as approved by the AER for the EDPR 2016-20 period.[26] The other change we have made is to the standard life of 'Non-network – IT' from 5.2 years to 5 years to make it consistent with the asset life for in-house Software. We consider this change to be non-controversial as it has

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[20]   AER, *Jemena Electricity Networks 2016-20 Final Decision, Attachment 5 Regulatory Depreciation*, May 2016.

[21]   Refer to (i) Attachment 07-18 *Depreciation model CY16-HY21* and (ii) Attachment 07-22 *SCS Depreciation model CY16-CY20.*

[22]   AER, *Final report – Review of Regulatory Tax Approach*, 17 December 2018.

[23]   NER cl 6.5.5(b)(1).

[24]   AER, *SA Power Networks 2020-25 Draft Decision, Attachment 4 – Regulatory Depreciation*, October 2019; AER, *Ergon Energy 2020-25 Draft Decision, Attachment 4 – Regulatory Depreciation*, October 2019; AER, *Energex 2020-25 Draft Decision, Attachment 4 – Regulatory Depreciation*, October 2019.

[25]   Our assessment of the standard tax asset lives for these asset classes are guided by the Income Tax Assessment Act 1997 (**ITAA**). Specifically, we consider that the standard tax asset life should be 40 years for buildings and capital works – This is consistent with the number of years required to completely depreciate a capital works asset such as buildings for tax purposes when applying sections 43.15, 43.140 and 43.210 of the ITAA.

[26]   AER Final Decision, Ausnet Distribution Determination 2016-20, Attachment 5 – Regulatory Depreciation, May 2016.

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minimal revenue impact and is also consistent with the standard asset life approved by the AER for AusNet Services for the current regulatory period.

We have also revised the economic lives for equity raising costs as a result of applying the AER's preferred method. The new economic life is calculated within the PTRM and represents the weighted average economic life of the 5 year capital expenditure forecast for the next regulatory period.

Table 2–1: Economic lives for new assets (years)

Asset Class	Current regulatory period[1]	Next regulatory period
Sub-transmission	53.4	53.4
Distribution system assets	49.5	49.5
SCADA/Network control	10.0	10.0
Non-network – IT	5.2	5.0
Non-network – other[2]	24.2	5.0
Land	n/a	n/a
In-house Software (SL Tax Depreciation)	n/a	5.0
Buildings (SL Tax Depreciation)	n/a	40.0
Equity raising costs	46.5	42.2

(1) Includes the intervening period.

(2) 'Non-network other' assets in the next regulatory period contains shorter life assets such as tools and equipment and vehicles.

2.4 Forecast regulatory depreciation

Our depreciation schedule reflects the economic lives and cash flow needs of the business consistent with clause 6.5.5 of the NER. Specifically, we applied forecast asset additions, asset disposals and the standard asset lives listed in Table 1–1 above to determine the depreciation forecast for the next regulatory period, utilising year-on-year tracking method and the AER's PTRM. The opening asset balances are determined using the AER's RFM, and approved year on year tracking method. We also apply a placeholder forecast inflation rate in our PTRM which will need to be updated by the AER once it concludes its inflation review in CY20 (see Attachment 7.7 *Rate of return* for more details).

Table 2–2 summarises our forecast regulatory deprecation over the next regulatory period.

Table 2–2: Forecast regulatory depreciation over the next regulatory period ($ June 2021, millions)

Depreciation	FY22	FY23	FY24	FY25	FY26	Total
Straight line depreciation	81.8	88.1	91.2	94.7	96.1	**451.9**
Indexation	-35.8	-37.5	-39.1	-39.9	-40.2	**-192.5**
Regulatory depreciation	**45.9**	**50.6**	**52.1**	**54.8**	**55.9**	**259.4**

Source: Attachment 07-15 *SCS PTRM FY22-26.*

3. Tax asset base

To estimate corporate income tax building block, we must roll-forward the TAB over both the current regulatory period and the next regulatory period. Across the two periods the TAB increases from $747M ($ nominal) at the start of CY16 to $1,728M ($ nominal) at the end of FY26, driven by new capital expenditure growing at a faster rate than tax depreciation.

We estimated the roll forward of the TAB across the current regulatory period, using the same method that was used to estimate the opening TAB consistent with the AER's 2016-20 Final Decision.[27] This roll-forward is summarised in Table 3–1.

Table 3–1: Roll forward of tax asset base over the current regulatory period ($ nominal, millions)

	CY16	CY17	CY18	CY19	CY20
Opening balance	746.7	831.2	941.5	1,041.5	1,140.0
add capital expenditure	125.7	155.7	149.4	151.9	160.3
less depreciation	-41.2	-45.4	-49.4	-53.4	-61.4
Closing balance	**831.2**	**941.5**	**1,041.5**	**1,140.0**	**1,238.9**

Source: Attachment 07-21 *SCS RFM CY16-CY20.*

For the intervening period, we also used the same method that was used to estimate the TAB for the current regulatory period. This roll-forward is summarised in Table 3–2.

Table 3–2: Roll forward of tax asset base over the intervening period ($ nominal, millions)

	1 January 2021 to 30 June 2021
Opening balance	1,238.9
add capital expenditure	78.5
less depreciation	-34.0
Closing balance	**1,283.5**

Source: Attachment 07-17 *SCS RFM CY16-HY21.*

For the next regulatory period, we updated the method and assumptions to incorporate the AER's recommendations from its recent tax review,[28] in particular by applying the diminishing value method for depreciation on a prospective basis to all asset classes except for equity raising costs, buildings and in-house software categories. This roll-forward is summarised in Table 3–3.

Table 3–3: Roll forward of tax asset base over the next regulatory period ($ nominal, millions)

	FY22	FY23	FY24	FY25	FY26
Opening balance	1,283.5	1,413.0	1,529.0	1,605.6	1,674.8
add capital expenditure	190.0	192.1	165.9	150.9	138.6
less depreciation	-60.5	-76.1	-89.2	-81.8	-85.0
Closing balance	**1,413.0**	**1,529.0**	**1,605.6**	**1,674.8**	**1,728.4**

Source: Attachment 07-15 *SCS PTRM FY22-26.*

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[27]   AER, *Jemena Electricity Networks 2016-20 Final Decision*, *Attachment 8 Corporate income tax*, May 2016.

[28]   AER, Final report, *Review of regulatory tax approach,* December 2018.

The applied tax standard lives, consistent with the AER's regulatory tax review final decision, applicable for tax depreciation are set out in Table 3–4. For the non-network-other asset class, and consistent with standard economic lives, we adopted AusNet Service's standard tax life.

Table 3–4: Tax standard lives (years)

Asset Class	Current regulatory period capital expenditure standard life[1]	Next regulatory period capital expenditure tax standard life
Sub-transmission	43.0	43.0
Distribution system assets	45.2	45.2
SCADA/Network control	10.0	10.0
Non-network – IT	4.4	4.4
Non-network – other	17.4	12.0
Land	n/a	n/a
In-house Software (SL Tax Depreciation)	n/a	5.0
Buildings (SL Tax Depreciation)	n/a	40.0
Equity raising costs	5.0	5.0

(1) Includes the intervening period.