



**NOTICE OF VARIATION OF THE FINAL DETERMINATION:
VICTORIAN ADVANCED METERING INFRASTRUCTURE REVIEW:
2009–11 AMI BUDGET AND CHARGES APPLICATIONS BY
THE AUSTRALIAN COMPETITION TRIBUNAL**

FOR

JEMENA ELECTRICITY NETWORKS (VIC) LTD

AND

UNITED ENERGY DISTRIBUTION PTY LTD

On 18 January 2010 the Australian Competition Tribunal (**Tribunal**) handed down its decision that the Australian Energy Regulator's (**AER**) *Final determination: Victorian advanced metering infrastructure review: 2009–11 AMI budget and charges applications* dated 30 October 2009 (**AMI Final Determination**) be varied by adding expenditure for related party margins/management fees to, and thereby increasing, the approved budgets for:

- Jemena Electricity Networks (Vic) Ltd (**JEN**) by \$8.4 million; and
- United Energy Distribution Pty Ltd (**UED**) by \$13.1 million.

In accordance with the Tribunal's decision, the AER has updated calculations of the approved 2009–11 budgets and charges for JEN and UED in the AMI Final Determination.

Appendices A and B to this Notice set out the tables to be deleted and replaced in the AMI Final Determination for JEN and UED respectively.

Australian Energy Regulator

January 2010

APPENDIX A

JEMENA ELECTRICITY NETWORKS (VIC) LTD

The following tables replace the corresponding tables in the AMI Final Determination.

Note there is no increase in JEN's charges as it had elected to under-recover its costs for 2010 and 2011 and recover these through higher charges in future years.

Table 3.3: Tribunal decision—approved budget for JEN (\$'000s, real 2008)

	2009	2010	2011
JEN proposed capex	54,607	31,940	34,044
JEN proposed opex	3,921	8,738	13,464
JEN proposed related party margins	3,313	2,303	2,689
Tribunal decision– JEN capex	54,607	31,940	34,044
Tribunal decision – JEN opex	3,921	8,738	13,464

Source: JEN, *Advance Infrastructure Roll out Budget Application from Jemena Energy Networks (VIC) Ltd*, 27 February 2009, budget templates (confidential) and AER analysis.

Note: Totals may not add due to rounding.

Table 4.13: Tribunal decision on JEN's metering asset base, 2006–11 (\$'000s, real 2008)

	2006	2007	2008	2009	2010	2011
Opening metering asset base	0	5,507	9,280	13,076	75,934	92,980
Pre start date AMI capital costs	N/A	N/A	N/A	17,452	N/A	N/A
Capital expenditure	5,592	4,000	4,136	54,607	31,940	34,044
Depreciation	86	227	340	9,201	14,895	17,997
Disposals	0	0	0	0	0	0
Closing metering asset base	5,507	9,280	13,076	75,934	92,980	109,027

Note: Capital expenditure is net of customer contributions.

Pre-start AMI capital costs include a WACC adjustment for the time value of money

Table 4.28: Tribunal decision—JEN revenue requirements (\$'000s, nominal)

	2009	2010	2011
Return on capital	6,436	8,427	10,337
Depreciation	7,007	13,767	17,089
Operating & maintenance costs	4,116	9,408	14,867
Tax liability	0	0	0
Offset of costs and revenues 2006–08	7,605	N/A	N/A
Total revenue requirement	25,165	31,603	42,293

N/A = Not applicable.

APPENDIX B

UNITED ENERGY DISTRIBUTION PTY LTD

The following tables replace the corresponding tables in the AMI Final Determination.

Table 5: UED, (\$ per meter)

Annual metering charge	2010		2011	
	proposed	Tribunal decision	proposed	Tribunal decision
Single phase single element	71.80	71.80	92.12	92.12
Single phase single element with contactor	73.30	73.30	94.02	94.02
Three phase direct connected	81.01	81.01	103.89	103.89
Three phase CT connected	86.40	86.40	110.82	110.82

Table 3.4: Tribunal decision—approved budget for UED (\$'000s, real 2008)

	2009	2010	2011
UED revised proposed capex	65,403	51,373	69,780
UED revised proposed opex	7,253	13,498	19,780
UED proposed related party margins	4,113	3,672	5,069
Tribunal decision—UED capex	65,403	51,373	69,780
Tribunal decision—UED opex	7,253	13,498	19,780

Source: UED, *AMI Budget Application 2009-11 to the Australian Energy Regulator*, 27 February 2009, budget templates (confidential), and AER analysis.

Note: Totals may not add due to rounding.

Table 4.16: Tribunal decision on UED’s metering assets base, 2006–11 (\$’000s, real 2008)

	2006	2007	2008	2009	2010	2011
Opening metering asset base	0	6,367	11,230	14,312	101,595	132,467
Pre start date AMI capital costs	N/A	N/A	N/A	35,066	N/A	N/A
Capital expenditure	6,733	5,890	4,633	65,403	51,373	69,780
Depreciation	366	1,026	1,552	13,186	20,501	25,673
Disposals	0	0	0	0	0	0
Closing metering asset base	6,367	11,230	14,312	101,595	132,467	176,574

Note: Capital expenditure is net of customer contributions.
Pre-start AMI capital costs include a WACC adjustment for the time value of money.

Table 4.31: Tribunal decision—UED revenue requirements (\$’000s, nominal)

	2009	2010	2011
Return on capital	9,126	11,678	15,813
Depreciation	10,083	18,927	24,091
Operating & maintenance costs	7,615	14,533	21,842
Tax liability	0	0	0
Offset of costs and revenues 2006–08	-5,827	N/A	N/A
Total revenue requirement	20,996	45,138	61,746

N/A = Not applicable.

Table 5.15: Tribunal determination—UED AMI charges, per annum, per meter (\$, nominal)

	2010	2011
Single phase single element	71.80	92.12
Single phase single element with contactor	73.30	94.02
Three phase direct connected	81.01	103.89
Three phase CT connected	86.40	110.82