PWC - RIN1.7 - Reset RIN - Basis of Preparation

31 January 2023

PowerWater

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Overview

On 26 October 2022, the Australian Energy Regulator (AER) issued Power and Water Corporation (Power and Water) with a Regulatory Information Notice (RIN) under Division 4 of Part 3 of the National Electricity (Northern Territory) Law. Clause 5 of the RIN requires:

> *5.1.1 Power and Water must explain the basis upon which it prepared information to populate the input cells for all information (other than forecast information) in the regulatory templates.*
>
> *5.1.2 The basis of preparation must be a separate document (or documents) that Power and Water submits with its completed regulatory templates.*
>
> *5.1.3 The basis of preparation must follow a logical structure that enables the AER to clearly understand how Power and Water has complied with the requirements of this notice.*

This Basis of Preparation relates to the information provided in the regulatory templates 'Workbook 2 – Economic Benchmarking', 'Workbook 6 - Recast category analysis historical' and 'Workbook 7 - Recast economic benchmarking historical'.

Limitations of our data

We expect that the AER will publish the final form of the basis of preparation and the associated data template with our information. Further, we expect that the AER and third parties will use this information for different purposes. We recommend that anyone using this information should do so at their own risk. We do not provide any warranty that this information is fit for the purpose of other parties.

We do, however, acknowledge that the information provided was collected and provided in good faith, and was based on every effort to comply with the requirements of the RIN. In doing so, we have had to estimate some data because we did not have the capability to report the information specified by the RIN.

Best estimates

We developed our best estimate based on the knowledge and available data within Power and Water, with the objective of providing the most accurate data given the RIN requirements. For all estimated information, the RIN requires we provide reasons for why we consider the data to be our best estimate. Power and Water's best estimate is based on the following:

- we were able to develop a single method for the majority of estimated information; and
- the estimated information was prepared and reviewed by appropriate subject matter experts.

In all instances where Power and Water have provided estimated rather than actual information, Power and Water have assessed the available alternatives to determine the most appropriate estimation technique. All estimated information included in the RIN are Power and Water's best estimates and we have explained how the estimate has been calculated in the relevant section of the Basis of Preparation.

Workbook 2 – Economic Benchmarking

Metering

Background

The sub-categories used to measure Power and Water's meter populations has changed from the historic meter classifications "Meter type 1 – 7" to more detailed categories based on the meter make (which did not exist prior to 2022) as detailed in the table below. As a result, there have been changes in the Meter actions and allocation of CAPEX expenditure between the annual RINs and the Rest RIN.

Annual RIN meter types used	Updated Reset RIN meter types used
Meter Type 1; Meter Type 2; Meter Type 3; Meter Type 4; Meter Type 5; Meter Type 6; and Meter Type 7.	Single phase Bottom connected (Smart); Single phase Plug in (Smart); Single phase Two element (Smart); Three phase Whole Current (Smart); Three phase LVCT (Smart); Three phase HV (Smart); Single phase Bottom connected (Electronic); Single phase Plug in (Electronic); Single phase Two element (Electronic); Three phase 3 X Single phase (Electronic); Three phase Whole Current (Electronic); Three phase LVCT (Electronic); Three phase HV (Electronic); and Mechanical Meters.

Impact

The total aggregate CAPEX expenditure and other relevant data has not changed due to the implementation of the revised metering categories, however, the allocation between the various subcategories has changed.

BOP data:

Source of Data

No change from previous BOP submitted

The data was sourced for each of the annual RINS via the below systems and methodologies, and collated to put together the Reset RIN data.

Data[1]	Source
Type 1, 2, 3 and 4 meter populations	MV90
Type 6 meter population	RMS.
Total expenditure for metering services	Audited statutory and regulatory accounts, Business Intelligence Data Warehouse (Bi), and Maximo which determined our total CAPEX expenditure used in table 4.2.4.
Volume for meter replacement and new meter installation data	DoForm reports, and RMS
Metering CAPEX expenditure	FMS and Maximo

1 – Meter types 1, 5 and 7 are not currently in use. Data source for meter types 5 and 7 will be determined upon commencement of use.

IMPORTANT NOTE: No new reports were created for the Reset RIN, only existing annual RIN reports were used.

This collation of RIN data can be found in Content Manager Reference: D2022/458091

The working sheet for the Reset RIN can be found in Content Manager at D2022/458084

Estimated or actual information

Change from previous BOP submitted: the estimated data sub-categories have changed to align to the definitions within the Reset RINs.

The updated metering tables within the Reset RIN contains both actual and estimated information. The actual data totals have been audited through the annual RIN process and there has been no change to these annual RIN total numbers. The estimated data portion is the split of this total value into the sub-categories noted below. The methodology around this spit is further outlined in the below section 'Methodology and assumptions'.

Actual data	Estimated data (sub categories)
• The yearly total CAPEX expenditure, • Total meter population, • Total metering installations, and • Total metering actions for each of the RIN years.	• Single phase Bottom connected (Smart) • Single phase Plug in (Smart) • Single phase Two element (Smart) • Three phase Whole Current (Smart) • Three phase LVCT (Smart) • Three phase HV (Smart) • Single phase Bottom connected (Electronic) • Single phase Plug in (Electronic) • Single phase Two element (Electronic)

	• Three phase 3 X Single phase (Electronic) • Three phase Whole Current (Electronic) • Three phase LVCT (Electronic) • Three phase HV (Electronic) • Mechanical Meters

Note: 4.2.8 - Metering Equipment Population – at end of year, is also an estimated table.

Methodology and assumptions

No change from previous BOP submitted

The source data is translated into the new Reset RIN metering categories using a mapping table developed with assistance from multiple Power and Water metering SMEs. There are assumptions made in this mapping table, Power and Water is not indicating the mapping is 100% accurate. The mapping table use the Meter Model to translate the data on a per meter and meter site level into the categories of;

- Single phase Bottom connected (Smart);
- Single phase Plug in (Smart);
- Single phase Two element (Smart);
- Three phase Whole Current (Smart);
- Three phase LVCT (Smart);
- Three phase HV (Smart);
- Single phase Bottom connected (Electronic);
- Single phase Plug in (Electronic);
- Single phase Two element (Electronic);
- Three phase 3 X Single phase (Electronic);
- Three phase Whole Current (Electronic);
- Three phase LVCT (Electronic);
- Three phase HV (Electronic); and
- Mechanical Meters.

Example of the reclassification:

- A meter with the Meter model of 2XSD is a **'bottom connected mechanical meter'** and would fit into the '**Mechanical Meter**' Category.
- A meter with the Meter model of 5188AS is a '**Plug in, Electronic meter'**.

The information for the meter phases is already present in the previous annual RIN source data.

The detailed meter mapping can be found in Content Manager at D2022/460842

For the meters highlighted in yellow within the meter mapping model Power and Water made two assumptions:

1. Meters that can be P (Possible) smart meters are determined based off the billing methods used in RMS. For example, a MK7A meter in RMS can either be billed as a Time of Use (TOU-Remotely Read) meter or accumulation (manually read), all TOU meters are smart meters and all manually read meters are Electronic (smart read but no modem installed) meters.
2. UNKE (Unknown) model meters are all assumed to be mechanical meters as these are all very old meters where the make/model of the meter is simply not known.

Table 4.2.4 Metering CAPEX

4.2.4 - Metering CAPEX - Meter related costs

The metering CAPEX for each previous financial year will be the total CAPEX expenditure reported in the yearly RINs and was previously split into metering types 2, 3, 4 and 6.

Based on the annual RIN data the total CAPEX incurred over the period will be split into the smart and electronic meter categories. All type 4, 3 and 2 meters are smart and all Type 6 meters are electronic. All CAPEX for the entire RIN period has been spent on smart meters, which are installed as electronic meters in areas with no communications, which is reflected in the very small electronic expenditure in the later years.

This total CAPEX figure will be split based on the number of meters per each smart meter sub-category as detailed within table 4.2.5, (the number of each meter subcategory type / the total meter population). The below table details the results from this calculation.

% USED TO CALCULATE SMART CAPEX SPLITS	2017-18	2018-19	2019-20	2020-21	2021-22
Single phase Bottom connected (Smart)	0.4606	0.4984	0.4937	0.4860	0.4849
Single phase Plug in (Smart)	0.1863	0.1771	0.1783	0.2009	0.2068
Single phase Two element (Smart)	0.0402	0.0279	0.0276	0.0179	0.0144
Three phase Whole Current (Smart)	0.1520	0.1744	0.1804	0.1954	0.1999
Three phase LVCT (Smart)	0.1558	0.1187	0.1159	0.0959	0.0903
Three phase HV (Smart)	0.0053	0.0035	0.0041	0.0040	0.0038

The weighting above was multiplied by the total CAPEX for each year and each category to determine the distribution of the CAPEX.

4.2.4b - Metering CAPEX - Asset disposal - income from disposal of meters - #N/A

Power and Water do not currently claim income from disposed meters. Therefore, there is no data to report.

4.2.4c - Metering CAPEX - Capital contributions - #N/A

Not reported in historical annual RINs. No capital contributions by Power and Water metering are on record.

Table 4.2.5 Meter population – at year end

The source data for the entirety of the RESET RIN meter population is calculated in report 'METER LIST Metering RESET RIN 2022 source data Greg Morris' which can be found in content manager at **D2022/458091.**

This table will be based on actual data out of the RMS and MV90 systems. This table will be the basis for the percentage split of the totalised figures for the meter actions tables, the source for the growth calculations in the 'New Meter Installations – Growth' table which will calculate how many new NMIs have been created between each year, and the source for the percentage split between the smart meter categories for the CAPEX table 4.2.4.

The source data used in the annual RIN for the meter type populations will be translated via the mapping table produced to convert the data into the category split. The percentage of each category will be used throughout the annual RIN to split totals (which are actual data) into the sub-categories, as these sub-categories **did not exist** until 2022.

These percentages are as per the below table;

Percentages used in estimation methodology					
	Percentage of meter population				
	2017-18	**2018-19**	**2019-20**	**2020-21**	**2021-22**
Single phase Bottom connected (Smart)	5.38%	7.91%	7.93%	10.05%	10.90%
Single phase Plug in (Smart)	2.18%	2.81%	2.86%	4.16%	4.65%
Single phase Two element (Smart)	0.47%	0.44%	0.44%	0.37%	0.32%
Three phase Whole Current (Smart)	1.78%	2.77%	2.90%	4.04%	4.49%
Three phase LVCT (Smart)	1.82%	1.88%	1.86%	1.98%	2.03%
Three phase HV (Smart)	0.06%	0.06%	0.07%	0.08%	0.09%
Single phase Bottom connected (Electronic)	9.09%	8.68%	8.67%	8.43%	8.48%
Single phase Plug in (Electronic)	1.92%	2.12%	1.67%	1.54%	1.49%
Single phase Two element (Electronic)	1.47%	1.47%	1.47%	1.47%	1.46%
Three phase 3 X Single phase (Electronic)	0.00%	0.00%	0.00%	0.00%	0.00%
Three phase Whole Current (Electronic)	3.56%	3.31%	3.23%	3.14%	3.12%
Three phase LVCT (Electronic)	0.04%	0.04%	0.03%	0.03%	0.03%
Three phase HV (Electronic)	0.00%	0.00%	0.00%	0.00%	0.00%
Mechanical Meters	72.23%	68.52%	68.86%	64.69%	63.00%

Note: All meters are replaced with smart meters due to the Power and Water smart meter replacement policy, which has been active since the 2017-18 period. As such all replacements regardless of type fall under a smart meter category.

The calculations for the Meter Actions splits into the sub-categories can be found in the working sheet, in excel sheet **'replacement split calculations'**.

4.2.6a - NEW METER INSTALLATIONS – GROWTH

The only data in table '4.2.6a – New Meter Installations – Growth' that is estimated is the growth for the 2017-18 period as no source data is available for the previous 2016-17 period.

The actual data portion of this table is the total meter installation population for each of the 2018-19, 2019-20, 2020-21 and 2021-22 years. All new metering installations for the entirety of the Reset RIN reporting period (2017-18 to 2021-22) are smart metering installations as per Power and Water policy and they have been assigned to the relevant smart metering type based on the previous mapping table.

The growth of metering installation for the 2017-18 period requires estimation as no source data is available for the previous 2016-17 period, the actual data is the total meter population. The difference in the total meter population from 2016-17 and the 2017-18 year will be used to generate the total meter growth, then this will be split using the percentage of each meter type vs the total meter population for the 2017-18 year from table 4.2.5 as per previous percentage splits.

4.2.6b - REFURBISHED METERS

Power and Water does not refurbish meters and this table contains all "0" for all cells.

4.2.6c - REPLACEMENT METERS – END OF LIFE

This number is sourced from Doform reports and supplied directly by the Metering Field Supervisor. This number is based on end of life replacement programs which occurred in the 2018-19 period.

4.2.6d - REPLACEMENT METERS – FAILURES AND FAULTS

Replacement failures and faults are recorded each year and are available from 2018-19 onwards.

4.2.6e - REPLACEMENT METERS – Interval 40-750 MWH pa

This number was derived from the Type 4 meters with replacement as the job type, in the Metering Field Supervisors source spreadsheets for each annual financial year RIN. These are all available in the content manager folder F2022/1772.

These meters are mostly 3 phase. An estimated 1.5% are single phase based on 2022 consumption reports. This 1.5% estimate of single phase was back-dated as best estimate for the Reset RIN with the rest of this category assigned across Three phase LVCT (Smart) and Three phase HV (Smart).

4.2.6f - REPLACEMENT METERS – Prepaid

These numbers are sourced from the Amply token meters that have replaced the Liberty 120 meters.

There are no HV, CT, bottom connected or Three phase prepaid meters so the HV category has been moved into the Three Phase LVCT category for this replacement type.

All Prepaid meters are Single Phase Plug in (Smart) meters and these replacements have been applied accordingly.

4.2.6g - REPLACEMENT METERS – Other replacements

These are replacements that have been actioned with the MMA form received with the reason as 'other' in the replacement reason field.

4.2.6h - ADDITIONS AND ALTERATIONS – PV

The replacement numbers for PV meters are sourced from actual source data reports from 2018-2022 which can all be accessed via the content management folder F2022/1772.

Additions and Alterations PV are the only meter actions – replacements done within the 2017-18 financial year.

4.2.6i - ADDITIONS AND ALTERATIONS – OTHER

Adds & Alts – other for the Reset RIN have been assigned as all customer requested meter replacements for the relevant periods.

4.2.6k - ABOLISHMENTS

Power and Water do not keep record of any abolishment as we have never had a requirement to report on them, as such this table has been reported as 0 as no data is available.

Table 4.2.7 – ICT PROJECTS CAPEX

As per the annual RIN, The Reset RIN requires the expenditure on IT infrastructure and communications infrastructure to be reported. However, Power and Water has understood these terms to relate to commissioning and maintaining infrastructure that is required for the provision of metering services. Power and Water outsource its IT and communications services, as such does not own the associated infrastructure. As a result, Power and Water have reported all infrastructure costs as zero.

In the annual RIN, Power and Water's IT and communications expenditure has been reported as non-network - IT expenditure in **table 2.6** Non-network. We have also not reported any overhead costs in **table 4.2** for the annual RIN.

4.2.7a - COMMUNICATION PROJECTS

Nil data – as per the above

4.2.7b - IT PROJECTS

Nil data – as per the above

4.2.7c - OTHER ICT PROJECTS

Nil data – as per the above

Table 4.2.8 – EQUIPMENT POPULATION – at end of year

Power and Water Metering only calculates the population of metering modems and antennas. Access points, Relays and Batteries are all not counted, and reported as 0 balances.

The modems and antennas are reported with a 1 to 1 ratio of smart meters for the relevant Year. I.e for RIN Financial year 2021-22 there are 24,173 smart meters in total, so this equates to 24,173 modems and 24,173 antennas for that year.

Confidential information

No change from previous BOP submitted

Confidential tables are all tables that contain dollar amounts. All other tables not listed as confidential are non-confidential as these contain metering volumes which are available publicly via the annual RIN.

List of tables that contain confidential information.

- 4.2.4 – Metering CAPEX
- 4.2.4a – Meter Related Costs
- 4.2.4b – Asset Disposal Income
- 4.2.4c – Capital Contributions
- 4.2.7 – ICT Projects CAPEX
- 4.2.7a – Communications Projects
- 4.2.7b – IT Projects
- 4.2.7c – Other ICT Projects

Other information

There has been no position change in ACS cost allocations, and no movements to any SCS in the next Regulator period for metering specifically.

Metering also do not own or earn any revenue via any shared assets.

Consistency with RIN requirements

Appendix E Requirements	**Consistency with the Requirements**
Clause 17.1: PWC must ensure that the data provided for metering services reconciles to internal	The information we have provided in this template is historic information, and therefore will not

planning models used in generating PWC's proposed revenue requirements.	reconcile to our forecast estimate of costs for metering services.
Clause 17.2: PWC is not required to distinguish expenditure for metering services between standard or alternative control services in Workbook 3 - Category analysis, regulatory templates 4.2.	We can confirm that we have reported all metering costs, irrespective of whether the service is alternative or standard control.
Clause 17.3: PWC is not required to distinguish expenditure for metering services as either CAPEX or OPEX in Workbook 3 - Category analysis, regulatory templates 4.2.	We have reported total expenditure as required by the AER.
Clause 17.4: PWC must report data for non-contestable, regulated metering services. This includes work performed by third parties on behalf of PWC.	We have reported data for non-contestable regulated metering services only.
Clause 17.5: PWC must not report data in relation to metering services which have been classified as contestable by the AER.	We have not reported data for metering services that are contestable.

Shared assets

Background

Unregulated revenue is earned by Power and Water Corporation over its shared assets.

Historical information has not been previously provided for Shared Assets, as this does not form part of the Annual RINs process. To help inform the AER in relation to the forecast being provided in Workbook 1, historical data is being provided under Table 7.4.

Historical data is therefore being provided for the Optic Fibre under Table 7.4. This relates to the forecast information being provided under Workbook 1.

BOP data:

Source of Data

The shared asset income is sourced directly from Power and Water's Trial Balance for each of the relevant financial years.

Estimated or actual information

All data submitted within the shared asset template is classified as actual information.

Methodology and assumptions

Power and Water receive income for the use of our optic fibre network. These amounts are explicitly accounted for and have been sourced from the Statutory Accounts Trial Balance each year. In 2014-15, after the separation of Power and Water's retail division, this revenue was booked to the activity "39" and cost type "417". For 2014-15 to 2021-22 the amounts were directly sourced from these accounts in the Statutory Accounts Trial Balance.

Power and Water is not proposing a revenue apportionment, as the entire optic fibre network is included in the Regulatory Asset Base (RAB) and the revenue is only earned from assets included in the RAB.

Confidential information

Power and Water have not identified any confidential information.

Consistency with RIN requirements

Sections 3-4 and Appendix A of the Reset RIN do not contain any explicit requirements or instructions for this template.

However, Appendix B contains definitions that we have used to determine that the revenue received for our optic fibre network is our only Shared Asset revenue.

Workbook 6 - Recast category analysis historical

Background

Power and Water have identified the need for a recast of certain historical category analysis tables due to the change in the classification of negotiated connections from standard control services to alternative control services as per the AER's final Framework and Approach for PWC issued 29 July 2022.

In the current 2019-24 regulatory period these negotiated connections are treated as Standard Control Services (SCS) however in the 2024-29 regulatory period these connections will begin to be classified as Alternative Control Services (ACS). As a result, the SCS asset base has been recast to remove historical negotiated connections which have been included in the SCS asset base between 2014-15 to 2021-22.

We recast the classification of negotiated connections back to 2014-15 as requested by the AER and a number of the tables previously submitted were impacted[1]:

Table 2.1.1 shows a reduction in SCS CAPEX

Table 2.1.3 shows an increase in ACS CAPEX

Table 2.1.7 shows a decrease in SCS capital contributions

Table 2.5.2 shows a reduction in CAPEX for the SCS tables

Table 2.11.3 shows a reduction in SCS CAPEX

Table 4.4 shows an increase in expenditure for negotiated connections, which are ACS.

Alternatives / did nothing impact

No alternatives were considered as the change in service classification for negotiated connections was considered material by Power and Water and triggered clause 3.1.5 of the final Reset RIN notice issued by the AER on 26 October 2022.

BOP data:

The below outlines the incremental changes to the BOP requirements and is to be read in conjunction with previous relevant BOPs submitted to the AER.

Source of Data

The source of the underlying data for workbook 6 is the same as outlined in the previous Basis of Preparation for each respective RIN response submitted to the AER.[2] No new source data has been added.

[1] Other tables in Workbook 6 were not impacted as assessed by Power and Water

[2] The previous Basis of Preparation documents have not been referenced however they are all available on the AER's website.

Methodology and assumptions

Power and Water reviewed and incrementally updated its previously submitted RIN data and associated work papers. The following steps were taken to calculate the data in workbook 6:

1. Update historical CAPEX information to show negotiated connections as ACS instead of SCS.
2. Update any historical capital contribution amounts that related to reclassified connections as ACS instead of SCS.
3. Calculate the change in capitalised overheads from SCS to ACS corresponding to the change in connections CAPEX.
4. Change the originally submitted RIN data by the amount of the total impact.
5. Leave data not impacted by the recast with the same values previously submitted.

Given our approach has been to make incremental changes to previous submissions, this Basis of Preparation should be read in conjunction with earlier Basis of Preparation documents submitted to the AER.

Power and Water assessed there to be no change in the reported OPEX. The total sum of SCS and ACS CAPEX did not change. Further, to avoid doubt, our approach did NOT make updates for other issues such as the application of labour cost or overheads.

Estimated or actual information

The nature of the information submitted in workbook 6 remains unchanged from previous BOP submitted to the AER. Where information has been recast in workbook 6, it is considered as an estimated classification.

Confidential information

Workbook 6 does not contain confidential information as per previous BOP submitted to the AER.

Consistency with RIN requirements

RIN Requirements	Consistency with requirements
3.1.5 If: (a) Power and Water's cost allocation method has changed during the current regulatory control period, or (b) Power and Water's service classifications have changed from the current regulatory control period, or (c) Power and Water's proposes to divert from the service classifications set out in the relevant framework and approach paper, or (d) Power and Water proposes to change its cost allocation method for the forthcoming regulatory control period; such that there would be material changes to information previously submitted to the AER, Power and Water must revise any historical information previously submitted to the AER under either the annual Category Analysis or the Economic Benchmarking RIN.	We have updated the following tables as a result of material changes in order to comply with the RIN requirements: • Table 2.1.1 • Table 2.1.3 • Table 2.1.7 • Table 2.5.2 • Table 2.11.3 • Table 4.4.1

RIN Requirements	Consistency with requirements
3.1.6 Power and Water must report information revised in accordance with paragraph 3.1.5 (revised information) in Workbook 6 – Recast category analysis and Workbook 7 – Recast economic benchmarking: (a) Where revised information in one table causes a change to information in another table, regardless of whether that other change is a material change, report that change in all relevant tables. (b) When reporting any change in any table in a regulatory template, include within that table all information that remains unchanged from that previously reported to the AER.	We have populated all cells in the impacted tables even though some cells were not impacted. In other words, some values have been resubmitted when at least one cell in the table has been impacted.
5.2.1 For historical information provided in response to this notice (i.e. information other than forecast information), Power and Water must prepare a basis of preparation in accordance with the requirements specified in this notice. The basis of preparation must: (a) demonstrate how the information provided is consistent with the requirements of this notice; (b) explain the source from which Power and Water obtained the information provided; (c) explain the methodology Power and Water applied to provide the required information, including any assumptions Power and Water made; (d) explain, in circumstances where Power and Water cannot report actual information and therefore must report estimated information: (i) why an estimate was required, including why it was not possible for Power and Water to use actual information; (ii) the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is Power and Waters best estimate.	This BOP document provides the necessary information required within the Reset RIN.

Workbook 7 - Recast economic benchmarking historical

Background

The asset base values presented in worksheet '3.3 Assets (RAB)' of the Economic Benchmarking (EB) RIN needed to be recast as a result of a change in service classification for negotiated connections.

In the current 2019-24 regulatory period these connections are treated as Standard Control Services (SCS) however in the 2024-29 regulatory period these connections will begin to be treated as ACS quoted services as per the AER's final Framework and Approach for PWC issued 29 July 2022.

As a result, the SCS asset base has been recast to remove historical negotiated connections which have been included in the SCS asset base between 2014-15 to 2021-22.

Impact

The impact of this change is to remove $59.1 million of gross capital expenditure that was previously being added to the SCS asset base and to reduce $41.8 million of capital contributions previously being removed from the SCS asset base. Therefore, the net capital expenditure impact is $17.3m between FY15 to FY22.

Table 1 shows the annual change in gross capital expenditure and capital contributions including the net capital expenditure difference. Disposals have been excluded from this restatement after assuming disposals are rarely connection related.

Table 1: Summary of the impact from changes in gross capital expenditure and capital contribution (Nominal, Millions)

Item	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Total
2024-29 Regulatory Proposal									
Gross CAPEX	86.1	75.2	56.1	50.8	44.0	67.6	47.7	71.0	**498.5**
Capital contributions	(9.1)	(9.8)	(9.4)	(11.8)	(4.7)	(5.1)	(4.9)	(3.4)	**(58.3)**
Net CAPEX	76.9	65.4	46.8	39.0	39.2	62.5	42.8	67.6	**440.2**
Recast of negotiated connections									
Gross CAPEX	73.1	63.6	43.9	48.5	37.9	63.6	42.6	66.1	439.4
Capital contributions	(2.6)	(3.1)	(2.4)	(3.7)	(0.3)	(1.1)	(2.2)	(1.0)	(16.5)
Net CAPEX	70.5	60.5	41.5	44.8	37.6	62.5	40.4	65.1	422.9
Difference									
Gross CAPEX	(13.0)	(11.6)	(12.2)	(2.4)	(6.1)	(4.0)	(5.1)	(4.8)	(59.1)
Capital contributions	6.5	6.7	6.9	8.1	4.4	4.0	2.7	2.3	41.8
Net CAPEX	(6.4)	(4.8)	(5.3)	5.7	(1.6)	0.0	(2.4)	(2.5)	(17.3)

After updating the relevant AER Roll Forward Model (RFM) and Post Tax Revenue Model (PTRM) models impacted by the movements in Table 1 above the closing FY22 SCS asset base reduces from $1,059.0m to $1,038.9m.

This movement will not equal the difference shown in Table 1 as Table 1 only contains gross capital expenditure and capital contributions in nominal mid period dollars.

For example, the movement in Table 1 does not incorporate other factors within the RAB roll forward process including WACC and inflation adjustments plus differences in forecast depreciation.

Alternatives / did nothing impact

No alternatives were considered as the change in service classification for negotiated connections triggered clause 3.1.5 of the final Reset RIN notice issued by the AER on 26 October 2022.

BOP data:

The below outlines the incremental changes to the BOP requirements and is to be read in conjunction with previous relevant BOPs submitted to the AER.

Source of Data

The source of data has not changed from previous BOP submitted to the AER.

Capital expenditure and capital contribution values have been sourced from Finance systems and working files.

Estimated of actual information

The nature of the information remains unchanged from previous BOP submitted to the AER.

The dollar values remain actual values, the only change to the information in this Recast Workbook has been to reclassify negotiated connections from SCS to ACS.

Methodology and assumptions

The underlying methodology to calculate the EB RIN asset classes remains the same as previous BOPs submitted as the standard EB RAB Allocation Model has been used.

Refer to the workbook titled '2024-29 Reset - EB RIN 3.3 - RAB Allocation Model - Connection Service Classification - 2023.01.28.xlsx'

However, assumptions flowing into the EB RAB Allocation Model have changed. As a result, the following process was required to update the EB RAB Allocation Model:

Step 1: Identify and collect the revised gross capital expenditure and capital contribution amounts between 2014-15 and 2021-22.

> *Refer to the inputs which have been centralised in '2024-29 Reset - EB RIN 3.3 - RAB Allocation Model - Input Template - 2023.01.27.xlsx'*

Step 2: Update the previous period 2014-19 RFM inputs including:

1) Gross capital expenditure between 2014-15 to 2017-18 noting that these are the years with actual amounts included in the final decision,
2) Capital contributions between 2014-15 to 2017-18.

These updates can be found in 'AER - PWC 2019-24 - FD - RFM - April 2019 - Recast.XLSM' where red fill colour has been applied.

Step 3: Update the current period 2019-24 RFM inputs including:

1) Opening 2018-19 RAB for changes in the previous period 2014-19 RFM
2) Gross capital expenditure between 2018-19 to 2021-22
3) Capital contributions between 2018-19 to 2021-22
4) Forecast straight-line depreciation between 2019-20 and 2023-24 which required the following changes:
    a. Update to the 2019-24 AER FD Connections CAPEX model to exclude negotiated connections from forecast connection CAPEX and forecast capital contributions.

    Refer to 'PWCR04.11C- Connection Capex Forecast Model - 29 Nov 18 - Confidential - Recast.xlsx' where red fill colour has been applied.

    b. Update to the 2019-24 AER FD SCS and ACS Metering CAPEX model to exclude negotiated connections from forecast gross CAPEX and forecast capital contributions.

    Refer to 'AER - PWC 2019-24 - FD - Capex Model - April 2019 - CONFIDENTIAL - Recast.XLSM' where red fill colour has been applied.

    c. Update to the opening asset base depreciation profile for 2019-20 to 2073-74 based on the method adopted the previous revised proposal.

    Refer to 'PWCR04.01 - SCS Post-tax Revenue Model - 29 Nov 18 - PUBLIC - Recast.xlsm' and the inputs on 'Depn|Inputs' and outputs on 'Depn|Existing Assets' which applies the AER's year on year tracking approach which has subsequently been standardised in the AER's Distribution Depreciation Model.

    d. Consolidate these three changes in the 2019-24 AER FD PTRM which includes the 2022-23 cost of debt update and update the opening 2019-20 RAB.

    Refer to 'AER - Final Decision - PWC PTRM - 2022-23 RoD update - Recast.xlsm' where red fill colour has been applied.

    e. The combination of all of these updates can be found in 'PWC - 2024-29 - Roll-Forward Model - SCS - 31 Jan 2023 - Recast.xlsm'

Step 4: Open and refresh the links in the EB RAB Allocation Model to refer to the two updated RFMs described above.

1) Also refresh inputs on 'Input_Connections' to reflect the lower connection related activity which should be excluded from SCS to create the Network Services asset base.

Step 5: Take the outputs from the '3.3 Assets (RAB) (2005-22)' worksheet in the EB RAB Allocation Model and populate tables 3.3.1, 3.3.2, 3.3.3 and 3.3.4 in workbook 7

Refer to 'PWC - RIN 1.14 - 2024-29 Reset RIN Workbook 7 - Recast EB historical - 31 Jan 2023 - Public.xlsm'

Confidential information

Workbook 7 does not contain confidential information as per previous BOP submitted to the AER.

Consistency with RIN requirements

RIN Requirements	Consistency with the Requirements
3.1.5 If: (a) Power and Water's cost allocation method has changed during the current regulatory control period, or (b) Power and Water's service classifications have changed from the current regulatory control period, or (c) Power and Water's proposes to divert from the service classifications set out in the relevant framework and approach paper, or (d) Power and Water proposes to change its cost allocation method for the forthcoming regulatory control period; such that there would be material changes to information previously submitted to the AER, Power and Water must revise any historical information previously submitted to the AER under either the annual Category Analysis or the Economic Benchmarking RIN.	We have updated tables 3.3.1, 3.3.2, 3.3.3 and 3.3.4 as a result of material changes in other Reset RIN tables.
3.1.6 Power and Water must report information revised in accordance with paragraph 3.1.5 (revised information) in Workbook 6 – Recast category analysis and Workbook 7 – Recast economic benchmarking: (a) Where revised information in one table causes a change to information in another	We have populated all cells in tables 3.3.1, 3.3.2, 3.3.3 and 3.3.4 even if aspects such as ACS metering remain unchanged.

table, regardless of whether that other change is a material change, report that change in all relevant tables. (b) When reporting any change in any table in a regulatory template, include within that table all information that remains unchanged from that previously reported to the AER.	
5.2.1 For historical information provided in response to this notice (i.e. information other than forecast information), Power and Water must prepare a basis of preparation in accordance with the requirements specified in this notice. The basis of preparation must: (a) demonstrate how the information provided is consistent with the requirements of this notice; (b) explain the source from which Power and Water obtained the information provided; (c) explain the methodology Power and Water applied to provide the required information, including any assumptions Power and Water made; (d) explain, in circumstances where Power and Water cannot report actual information and therefore must report estimated information: (i) why an estimate was required, including why it was not possible for Power and Water to use actual information; (ii) the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is Power and Waters best estimate.	This BOP document provides the necessary information required within the Reset RIN.

PowerWater