

## POWER AND WATER BOARD MEETING

## MINUTES

2:00pm – 24<sup>th</sup> January 2018  
Board Room  
Level 2, Mitchell Centre, Darwin

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**Attendees:**

John Langoulant	Chairman
Ken Clarke	Deputy Chairman (by telephone)
Mervyn Davies	Director (by telephone)
Ian Kowalick	Director (by telephone)
Michael Thomson	Chief Executive (CE)
Antoni Murphy	Acting Company Secretary
Neil Siford	Chief Financial Officer
Djuna Pollard	GM Power Networks
Jodi Triggs	Executive Manager – Network Regulation and Commercial

The Chairman opened the meeting at 2:00pm.

**1. Apologies**

Helen Stanton

MaryAnn Bin-Sallik

**2. Declaration of Interest**

There were no declarations of interests.

**3. Matters Arising**

Nil.

**4. 'In Camera' Meeting of Non-Executive Directors**

Nil

  
Antoni Murphy  
A/Company Secretary

  
John Langoulant  
Chairman

## 5. Papers for Decision

### 5.1

### 5.2 2019 Distribution Determination – Initial Regulatory Proposal

Board congratulated staff on the quality of the draft submission and the work undertaken in reaching this stage.

Management provided feedback on meetings with the Steering Committee and the Department of Treasury and Finance.

There was unanimous agreement by the Board that the operating expenditure proposed in the submission represents the efficient level in which Power Networks can operate.

Management advised that the presentation to the Australian Energy Regulator (AER) Board is likely to be held on 2 March 2018 and a public forum to be held on 16 April 2018.

The Chair thanked the Steering Committee, including the Board Directors for their significant contribution.

*The Board:*

- *Certified the revised Key Expenditure Forecast Assumptions detailed at Attachment A.*
- *Approved the submission of the documents listed at Attachment B, including:*
  - Initial Regulatory Proposal and associated attachments provided at Attachment C;
  - Tariff Structure Statement provided at Attachment D; and
  - draft Regulatory Information Notice (RIN) - the key expenditure from the current draft RIN is summarised in Attachment E;*to the Australian Energy Regulator (AER) by 31 January 2018.*
- *Noted that a staged submission process has been adopted, with:*
  - supporting capital expenditure documentation to be submitted to the AER by 28 February 2018; and
  - a final audited RIN along with the associated Chief Executive's statutory declaration to be submitted to the AER by 16 March 2018.
- *Noted the list of capital projects at Attachment F that have been incorporated in the Regulatory Proposal.*
- *Noted the documents attached to this Board Paper may still be subject to minor editorial changes as part of the final review and proof-reading process currently being undertaken. In the unlikely event that the final numbers change by more than 5% they will be resubmitted for Board approval.*
- *Approved management making changes to the final submission taking into account Board feedback and other required amendments;*
- *Noted the next steps in the Distribution Determination process.*

**6. General Business**

Nil

**The Chairman closed the meeting at 2:40pm.**

## **APPENDIX A**

### **Expenditure Forecasting Assumptions**

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**2019 Initial Regulatory Proposal**

<b>Issue</b>	<b>Assumption</b>	<b>Capex</b>	<b>Opex</b>
1. Company structure and ownership arrangements	Our forecasts reflect Power and Water's current company structure and ownership arrangements.	✓	✓
2. Regulatory obligations and requirements	Our forecasts are based on legislative and regulatory instruments applicable to Power and Water and as in force on 1 July 2017.	✓	✓
3. Security of supply and network reliability	Our forecasts will maintain, but will not improve, our security of supply and network reliability, consistent with clause 6.5.7 of the NT NER.	✓	✓ - for network reliability only
4. Service classification	Our forecasts reflect the service classification in the AER's Framework and Approach paper.	✓	✓
5. Maximum demand, customer and connection growth	Our forecasts are required to meet the maximum demand, customer and connection growth forecasts prepared by the Australian Energy Market Operator (AEMO). As the independent market operator AEMO forecasts are reasonable and credible.	✓	✓
6. Connections policy	Our forecasts reflect Power and Water's proposed new connections policy that complies with Chapter 5A of the NT NER.	✓	
7. Cost allocation and capitalisation	Our forecasts reflect the cost allocation method that has been submitted to the AER, including our approach to capitalisation.	✓	✓
8. Efficient opex base year	Our adjusted (for efficiencies) 2016-17 opex provides a reasonable basis for our opex forecasts and is representative of our requirements to sustainably provide our services.		✓
9. Unit rates	The unit rates that Power and Water has applied in developing its capex forecasts are representative of the costs that we will incur in the next period.	✓	
10. Cost escalations	The cost escalations that Power and Water has applied in developing its forecasts are representative of the increased costs that we will incur in the next period.	✓	✓
11. Inflation	The inflation that Power and Water has applied in developing its forecasts is representative of the inflation-related costs that we will incur in the next period and is consistent with the AER-preferred inflation forecasting method.	✓	✓
12. Current period capex program	Our capex forecasts for 2019-24 assume that we will deliver our forecast capex program for 2017-18 and 2018-19.	✓	