

Appendix P:

SPI PowerNet Pty Ltd

Transmission Revenue Reset (TRR) 2014/15 – 2016/17

List of Asset Works Supporting Documents Submitted with Revenue Proposal

Asset Works – Supporting Documents (2014-17)

ISSUE/AMENDMENT STATUS

Issue Number	Date	Description	Author	Approved by
1	9/10/13	Initial issue.	Charlotte Coster	Anh Mai

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1 Summary

This Appendix provides a list of documents and information that has been submitted to the AER in relation to SP AusNet's asset works forecast. These documents were provided because they are relevant to the AER's assessment of forecast asset works expenditure. SP AusNet considers the AER should take account of the information referenced in this document in making its Final Decision on asset works.

1.1 Revenue Proposal and Supporting Implementation Reports

SP AusNet's Revenue Proposal contained a brief description of each asset works program including total expenditure.

Several implementation reports were submitted with SP AusNet's Revenue Proposal as supporting information. These include a description of the project scopes and an economic analysis of options. Implementation reports have been provided to support the following proposed asset works programs:

- Civil Infrastructure and Station Facilities Asset Works Program
- GIS Refurbishment Program
- SF6 Circuit Breaker Refurbishment Programs
- 66KV Bulk Oil CBs Bushing Testing Program
- Switchgear Refurbishment Program
- Minimum Oil CB Refurbishment
- Transformers Asset Works Program
- Facilities Maintenance in Yarraville
- Tower Corrosion – Ground Level Program

1.2 Responses to Questions Raised by EMCa and the AER

In addition to supporting documentation that was submitted with the Revenue Proposal, SP AusNet provided responses to answer a number of questions raised by the AER and EMCa on the asset works forecast, as outlined below:

EMCa003	<p>1. We understand that some condition monitoring is inherent in routine maintenance. Information provided has also identified \$3.9m as a "step increase" amount for condition monitoring for the next RCP.</p> <p>2. Could you please provide information on all identifiable condition monitoring and condition information gathering expenditure, whether opex or capex, in the current RCP and in the next RCP. Please advise this information year by year and advise how it has been categorized in regards to the categories by which opex and capex is presented in the RP.</p>
EMCa015	<p>1. Please provide information on the disaggregated asset works program as proposed in the 2007 RRP by SP AusNet for the current RCP, with actual expenditures provided at the same level of program detail. A suitable level of detail is indicated by the projects or programs as proposed in the Asset Works sheet of the opex model for the TRR for the next RCP, and which contains 13 programs grouped according to Stations and Plant, Lines and Other.</p>
EMCa021	<p>1. Our initial request EMCa015 included a request for the proposed asset works program from SP AusNet's 2007 Revised Revenue Proposal, at this same level of detail. To our knowledge, this information has not yet been provided.</p> <p>2. Could you please provide your current estimate for the 2013/14 expected expenditure, by category</p> <p>3. For 2012/13 and 2013/14, could you please provide the expenditure estimates</p>

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	<p>(by category) that were used as the basis for the current Revenue Proposal</p> <p>4. Could you please confirm that we have correctly ‘matched up’ the historical and proposed categories of work</p> <p>5. As these are essentially programs of work which we understand to involve work of a similar nature at a range of different sites, could you please provide information as to quantified targets that SP AusNet has set for each of the program categories listed here (e.g. numbers of tower foundations repaired, structures repainted etc). Specifically, for each of the categories/programs of work, please advise:</p> <ol style="list-style-type: none"> a. The quantified targets or assumptions for the quantum of work that was proposed for the current (2008-14) RCP b. Achieved outcomes to date against those targets or assumptions, and including (as relevant) estimated levels of achievement by the end of the current RCP c. The quantified targets or proposal budgeting assumptions used for the purposes of the next RCP Revenue Proposal, for each Asset Works category <p>6. Please describe SP AusNet’s process for monitoring and reviewing outcomes against targets for asset works programs, including governance processes in regards to changes made to those programs and reporting of implications of such changes when they occur</p>
EMCa033	In regards to response 021A, could you please clarify whether the volumes of Transmission Line Hardware (1,220) and Replacement of Tower Steelwork (316) shown as actuals for the period 2008-14 are the totals achieved (including work done under routine maintenance, as referred to in the explanation in your response), or whether they are the totals undertaken as “asset works” and additional work was achieved under “routine maintenance”.
EMCa035	On pages 135 and 136 of the Revenue Proposal (also in appendix 5E, section 5.2) it is stated that the proposed communications infrastructure opex step change represents a continuation of expenditure that has been incurred as Asset Works in the current RCP. We have reviewed the asset works program information provided as response SP EMCa015, and it is not clear where this amount is represented. Could you please identify it and give the annual amounts incurred in the current RCP.
AER10	The “Overhead lines condition assessment program” and “Corrosion risk management” step changes were classified as asset works items during 2008-14. What is SP AusNet’s rationale for classifying these two items as step changes rather than asset works opex?
AER11	Please provide a breakdown of all overhead lines condition works and corrosion risk management costs by year by category during 2008-14
AER12	Why does SP AusNet consider “Tower corrosion - tower painting” recurrent (that is, it was proposed as a step change called Corrosion risk mitigation) while “Tower corrosion – Ground level” is asset works (non-recurrent)?
AER18	In relation to the “replacement of tower steelwork” asset works line item, we note the comment in SPA’s response to EMCa 021A that “high volumes of members were replaced as part of opex in current RCP, explaining variance”. Please identify any other “replacement of tower steelwork” opex (i.e. not already accounted for in asset works) for each year of the current RCP and 2014-17 RCP:
AER20	In response to EMCa026, SP AusNet’s explanation for the variance in outturn cost compared with allowance is: <ul style="list-style-type: none"> - Financing constraints as a result of the GFC led to a sacrifice of asset works opex to enable the delivery of the capex program. - Project specific reasons as to why asset works programs were either unnecessary or were only required to a limited degree. These include the

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	<p>presence of asbestos on towers, condition of assets was determined to be better than first thought and some cost efficiencies in delivery. These factors have been taken into account in the 2014-17 forecast.</p> <p>Please explain why SP AusNet considers it necessary to sacrifice asset works opex programs to deliver the capex program, when the capex allowance was underspent during the period?</p>
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