



Submission to the AER on its Preliminary Determination Alternative Control Services – Other



Summary

This document sets out Ergon Energy's response to the Australian Energy Regulator (AER) on other Alternative Control Services (i.e. fee based services and quoted services).

Ergon Energy accepts many aspects of the AER's Preliminary Determination. However, we seek clarification from the AER on a couple of matters.

We have updated our October Regulatory Proposal to reflect:

- the 2015-16 prices approved by the AER in our 2015-16 Pricing Proposal
- updated inputs, including overhead rates, forecast inflation and escalators
- eight new fee based services for the installation and provision of Type 5 and 6 meters on or after 1 July 2015 (during business hours)
- one new quoted service for the installation and provision of Type 5 and 6 meters on or after 1 July 2015 (after hours)
- minor changes to the descriptions of some formula components, to improve clarity.

Outcomes

We have revised a number of inputs, which have resulted in lower prices in 2015-16 for the majority of our fee based and quoted services, when compared to our October Regulatory Proposal and the AER's Preliminary Determination.

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1. Introduction

On 30 April 2015, the Australian Energy Regulator (AER) released its Preliminary Determination on Ergon Energy's Regulatory Proposal for the regulatory control period commencing on 1 July 2015 and ending on 30 June 2020.

This document details our response to the AER's Preliminary Determination on fee based services and quoted services.¹ We have made revisions to our Regulatory Proposal and its supporting documents to reflect these positions, where necessary. In addition, we have revised our proposal to reflect updated inputs (e.g. overheads, escalators and forecast inflation).

Ergon Energy has structured this document in the following manner:

- Chapter 2 summarises the AER's Preliminary Determination in relation to fee based services and quoted services.
- Chapter 3 provides our response to the positions adopted by the AER and the areas of our October Regulatory Proposal which have been revised as a result.
- Chapter 4 sets out areas of our October Regulatory Proposal which have been revised due to new or updated information, or changes in methodology.

¹ The AER's Preliminary Determination refers to these services collectively as 'ancillary network services'.

2. AER's Preliminary Determination

Attachment 16 of the AER's Preliminary Determination details its positions on fee based services and quoted services. The following sections summarise these positions and the AER's rationale.

2.1. Control mechanism

Consistent with the Framework and Approach Paper and our October Regulatory Proposal, the AER has applied a price cap form of control to fee based services and quoted services.

For fee based services, the AER set a schedule of prices for the first year (i.e. 2015-16). For the following years, the previous year's prices are adjusted by the Consumer Price Index (CPI) and an X-factor. The formula to give effect to the price cap for fee based services is:

$$p_i^t = p_i^{t-1} (1 + \Delta CPI_t)(1 - X_i^t) + A_i^t$$

Where:

p_i^{t-1} is the cap on the price of service i in year t-1

p_i^t is the cap on the price of service i in year t. However, for 2015-16 this is the price as determined in Table 16.20 [of Attachment 16 of the Preliminary Determination].

ΔCPI_t is the annual percentage change in the ABS [Australian Bureau of Statistics] CPI All Groups, Weighted Average of Eight Capital Cities from December in year t-2 to December in year t-1. For example, for the 2015-16 year, t-2 is December 2013 and t-1 is December 2014 and in the 2016-17 year, t-2 is December 2014 and t-1 is December 2015 and so on

X_i^t is the X-factor for service i in year t as set out in Table 16.1 [of Attachment 16 of the Preliminary Determination]

A_i^t is an adjustment factor for residual charges when customers choose to replace assets before the end of their economic life. For ancillary network services, we [the AER] consider the value for A is zero.

For quoted services, the AER applied the following cost build-up formula:

$$Price = Labour + Contractor Services + Materials + Capital Allowance$$

Where:

Labour consists of all labour costs directly incurred in the provision of the service which may include but is not limited to labour on-costs, fleet on-costs and overheads. Labour is escalated annually by $(1 - X_i^t)(1 + \Delta CPI_t)$.²

Contractor Services reflects all costs associated with the use of external labour including overheads and any direct costs incurred. The contracted services charge applies the rates under existing contractual arrangements. Direct costs incurred are passed on to the customer. Contractor services are escalated annually by ΔCPI .

² The definition of X and ΔCPI for Figure 16.2 [Quoted services formula in the Preliminary Determination] are the same as for Figure 16.1 [Fee based ancillary network services formula in the Preliminary Determination].

Materials reflect the cost of materials directly incurred in the provision of the service, material storage and logistics on-costs and overheads. Materials are escalated annually by Δ CPI.

Capital Allowance represents a return on and return of capital for non-system assets.

2.2. Labour rates

The AER determined its own maximum total labour rates, comprised of:

- a maximum raw labour rate
- a maximum on-cost rate
- a maximum overhead rate.

Where the total labour rate proposed by Ergon Energy was less than the maximum total labour rate determined by the AER, the AER applied our proposed rate in its preliminary decision. Otherwise, it used the maximum total labour rate.

2.2.1. Raw labour rates

The AER examined Hays 2014 Brisbane salary data to determine the maximum raw labour rates. It used 36 different job titles across five labour categories and derived salary ranges for each labour category. The AER adopted the maximum raw labour rate for each labour category.

As a result of this process, the AER substituted our administration labour rate with a raw labour rate of \$31.25 (real \$2014-15). Our proposed raw labour rates for all other labour categories were less than the maximum raw labour rates determined by the AER.

2.2.2. On-costs

The AER considered that a maximum on-cost rate of 43.5 per cent should apply for the regulatory control period 2015-20. This is consistent with our October Regulatory Proposal.

2.2.3. Overheads

The AER determined that a maximum overhead rate of 65 per cent should apply in the regulatory control period 2015-20. This was based on a report prepared by Marsden Jacob for the draft decisions in New South Wales and the Australian Capital Territory. The AER considered that maximum total labour rates which use this overhead rate are prudent. It also allows Ergon Energy with a reasonable opportunity to recover at least our efficient costs.

2.3. Fee based services

The AER approved the majority of Ergon Energy's proposed prices for fee based services. Our various application fees were not approved, as the AER found the proposed labour rate for administration employees (an input into these prices) to be inefficient (see Section 2.2 above).

The AER's decision on our fee based services, compared to our October Regulatory Proposal, is set out in Table 1.

Table 1: AER's preliminary determination on Ergon Energy's fee based services, 2015-16

Pricing category \$/unit (nominal)	Ergon Energy proposed	AER Preliminary Determination	% change
Application fee - Basic or standard connection	936.78	901.35	-3.8
Application fee - Basic or standard connection - Micro-embedded generators	52.86	46.95	-11.2
Application fee - Basic or standard connection - Micro-embedded generators - Technical assessment required	231.51	225.60	-2.6
Application fee - Real estate development connection	980.15	944.72	-3.6
Protection and Power Quality assessment prior to connection	1,429.21	1,429.21	-
Temporary connection, not in permanent position - single phase metered - urban/short rural feeders	607.18	607.18	-
Temporary connection, not in permanent position - single phase metered - long rural/isolated feeders	971.49	971.49	-
Temporary connection, not in permanent position - multi phase metered - urban/short rural feeders	607.18	607.18	-
Temporary connection, not in permanent position - multi phase metered - long rural/isolated feeders	971.49	971.49	-
Supply abolishment during business hours - urban/short rural feeders	364.31	364.31	-
Supply abolishment during business hours - long rural/isolated feeders	728.62	728.62	-
De-energisation during business hours - urban/short rural feeders	101.76	101.76	-
De-energisation during business hours - long rural/isolated feeders	607.18	607.18	-
Re-energisation during business hours - urban/short rural feeders	80.91	80.91	-
Re-energisation during business hours - long rural/isolated feeders	565.89	565.89	-
Re-energisation during business hours - after de-energisation for debt - urban/short rural feeders	80.91	80.91	-
Re-energisation during business hours - after de-energisation for debt - long rural/isolated feeders	565.89	565.89	-
Accreditation of alternative service providers - real estate developments	937.92	937.92	-
Prevented access - one person crew - urban/short rural feeders	56.75	56.75	-
Prevented access - one person crew - long rural/isolated feeders	227.01	227.01	-
Prevented access - two person crew - urban/short rural feeders	116.89	116.89	-
Prevented access - two person crew - long rural/isolated feeders	467.56	467.56	-
Call out fee	Relevant service fee less total time on job	Relevant service fee less total time on job	NA

Source: AER (2015), *Preliminary Decision, Ergon Energy determination 2015-16 to 2019-20, Attachment 16 – Alternative control services*, April 2015, pp59-60.

2.4. Quoted services

In line with its decision on fee based services, the AER determined that the administration labour rate was inefficient and substituted its own labour rate. The indicative quoted prices for some services were updated to reflect this change.

No other changes were made to the cost inputs used in the calculation of indicative quoted prices for 2015-16.

3. Our response

The following sections detail our response to the AER's Preliminary Determination.

3.1. Form of control

The AER's position to apply a price cap form of control to fee based and quoted services is consistent with the approach in our October Regulatory Proposal and the Framework and Approach Paper. As such, we accept the AER's decision on this matter.

3.1.1. Fee based services

Ergon Energy accepts the approach taken by the AER in relation to the form of control for fee based services. That is, we support:

- the development of a schedule of prices in 2015-16 using a cost build-up approach consistent with the quoted services formula
- the adjustment of the previous year's prices by the change in CPI and an X-factor for the remaining years of the regulatory control period 2015-20.

However, we consider minor changes to the fee based services formula are necessary. Specifically:

- The following sentence should be deleted in the p_i^t component: "However, for 2015–16 this is the price as determined in Table 16.20." As noted above, the AER has set a schedule of prices for 2015-16. For the following years, the previous year's prices will be adjusted by CPI and an X-factor. Therefore, the fee based services formula should only apply from 2016-17. This means the reference to 2015-16 prices is irrelevant.
- The illustrative example in the ΔCPI_t component should be updated to remove the reference to the 2015-16 year, given the fee based services formula applies from 2016-17.
- The reference to "ancillary network services" in the A_i^t component should be changed to "fee based services", since the formula only applies to these types of services.
- The reference to "we consider" in the A_i^t component should be deleted.

In light of the above, Ergon Energy proposes the following formula to give effect to the price cap for fee based services from 2016-17:

$$p_i^t = p_i^{t-1} (1 + \Delta CPI_t)(1 - X_i^t) + A_i^t$$

Where:

p_i^{t-1} is the cap on the price of service i in year t-1

p_i^t is the cap on the price of service i in year t

ΔCPI_t is the annual percentage change in the ABS CPI All Groups, Weighted Average of Eight Capital Cities from December in year t-2 to December in year t-1. For example, for the 2016-17 year, t-2 is December 2014 and t-1 is December 2015 and in the 2017-18 year, t-2 is December 2015 and t-1 is December 2016 and so on

X_i^t is the X-factor for service i in year t

A_i^t is an adjustment factor for residual charges when customers choose to replace assets before the end of their economic life. For fee based services, the value for A is zero.

Finally, we seek clarification on how the X-factors detailed in the Preliminary Determination were calculated. The AER has indicated the labour escalators are “operating as defacto X factors”.³ However, we are unable to reconcile the X-factors to the labour escalators contained in the amended fee based services pricing model provided to us as part of the Preliminary Determination.

3.1.2. Quoted services

Ergon Energy supports the use of a cost build-up formula to determine prices for quoted services. However, we consider that some changes are required to the quoted services formula.

On 20 May 2015, the AER wrote to Ergon Energy advising us of an error in the quoted services formula set out in the Preliminary Determination. Specifically, the descriptions for the Contractor Services and Materials components incorrectly stated that these components are to be escalated annually by ΔCPI . In practice, Ergon Energy will charge the actual costs incurred.

The AER advised us to exclude these descriptions when submitting our 2015-16 Pricing Proposal⁴ and indicated that it would correct this error in its Substitute Determination. Ergon Energy supports this approach and we have amended our proposed quoted services formula accordingly.

Following the release of the Preliminary Determination, Ergon Energy also sought clarification from the AER on whether the escalation of labour rates only applied to the base (or ‘raw’) labour rates. That is, the labour on-costs and overheads would be applied after this escalation and the fleet on-costs would be determined separately. The AER confirmed our understanding.⁵ However, for clarity, Ergon Energy has inserted a reference to “base” labour in our proposed quoted services formula.

We also note the escalation of labour rates by $(1 - X_i^t)(1 + \Delta CPI_t)$ applies from 2016-17. The AER did not determine an X-factor to apply in 2015-16 in Table 16.1 of the Preliminary Determination. Accordingly, Ergon Energy has inserted a reference to 2016-17 in the formula.

Finally, Ergon Energy believes the quoted services formula should explicitly describe the X_i^t and ΔCPI_t components, rather than including a footnote that cross-references to the fee based services formula. The reference to “contracted services” should also be replaced with “contractor services”.

In light of the above, Ergon Energy proposes the following formula to determine the cost build-up of services that are priced on a ‘quoted’ basis:

$$Price = Labour + Contractor Services + Materials + Capital Allowance$$

Where:

Labour consists of all labour costs directly incurred in the provision of the service which may include labour on costs, fleet on costs and overheads. From 2016-17, base labour is escalated annually by $(1 - X_i^t)(1 + \Delta CPI_t)$. Where:

X_i^t is the X-factor for service i in year t, as determined for fee based services

ΔCPI_t is the annual percentage change in the ABS CPI All Groups, Weighted Average of Eight Capital Cities from December in year t-2 to December in year t-1. For example, for the 2016-17 year, t-2 is December 2014 and t-1 is

³ AER (2015), *Preliminary Decision, Ergon Energy determination 2015-16 to 2019-20, Attachment 16 – Alternative control services*, April 2015, p9.

⁴ Our approved 2015-16 Pricing Proposal is available at www.ergon.com.au/networktariffs.

⁵ AER (2015), *Ergon – form of control – quoted services, Email to Ergon Energy*, 14 May 2015.

December 2015 and in the 2017-18 year, t–2 is December 2015 and t–1 is December 2016 and so on.

Contractor services reflect all costs associated with the use of external labour including overheads and any direct costs incurred. The contractor services charge applies the rates under existing contractual arrangements. Direct costs incurred are passed on to the customer.

Materials reflect the cost of materials directly incurred in the provision of the service, material storage and logistics on costs and overheads.

Capital allowance represents a return on and return of capital for non-system assets.

3.2. Inputs

3.2.1. Raw labour rates

Ergon Energy accepts the AER's preliminary decision in relation to the raw labour rates. We have amended our pricing models to reflect the raw administration labour rate determined by the AER. All other raw labour rates remain unchanged.

3.2.2. On-costs

Ergon Energy accepts the AER's preliminary decision to apply a maximum labour on-cost rate of 43.5 per cent. However, in reviewing the Preliminary Determination, we identified the AER has applied a labour on-cost rate of 43.33 per cent to the base administration labour rate. This is different to the maximum labour on-cost rate approved by the AER (43.5 per cent) on page 16 of Attachment 16 and the labour on-cost that applies to other base labour rates. Ergon Energy amended our pricing models as part of the 2015-16 Pricing Proposal (i.e. applied 43.5 per cent). The AER accepted this change.

Ergon Energy notes our labour on-cost rates will be updated annually. Ergon Energy will demonstrate compliance with the maximum labour on-cost rate in our annual Pricing Proposal.

3.2.3. Overheads

Ergon Energy accepts the AER's preliminary decision to apply a maximum overhead rate of 65 per cent. Our overhead rates will be updated annually in accordance with the AER-approved Cost Allocation Method (CAM). Ergon Energy will demonstrate compliance with the maximum overhead rate in our annual Pricing Proposal.

3.3. Fee based services

Ergon Energy accepts the 2015-16 prices for fee based services set out in Table 16.20 of the Preliminary Determination. However, we proposed different prices in our 2015-16 Pricing Proposal (refer to Section 4.1.1). These prices were approved by the AER on 12 June 2015. We therefore consider that these prices should replace those contained in Table 16.20.

We have also proposed several new fee based services relating to the installation and provision of Type 5 and 6 meters (refer to Section 4.1.3). These services, if accepted, will need to be included in Table 16.20.

3.4. Quoted services

Ergon Energy accepts the 2015-16 indicative prices for quoted services set out in Table 16.21 of the Preliminary Determination (and the AER's implicit approval of the underlying inputs). However, we proposed different prices in our 2015-16 Pricing Proposal (refer to Section 4.1.1). These prices were approved by the AER on 12 June 2015. We therefore consider that these indicative prices should replace those contained in Table 16.21.

We have also proposed one new quoted service relating to the installation and provision of Type 5 and 6 meters after hours (refer to Section 4.1.3). This service, if accepted, will need to be included in Table 16.21.

3.5. Other concerns

Ergon Energy does not support the AER's decision to refer to fee based and quoted services collectively as 'ancillary network services'. Ancillary network services is a service grouping in the classification of services table. This service grouping encompasses:

- Services provided in relation to a Retailer of Last Resort Event
- Other recoverable works.

The range of distribution services priced on a fixed fee or quoted price basis is much broader than ancillary network services. Services from the following service groupings are also charged this way:

- Pre-connection Services
- Connection Services
- Post Connection Services
- Metering Services
- Public Lighting Services.

To avoid confusion, Ergon Energy suggests the AER refer to these services as 'fee based services' and 'quoted services' only.

In addition, Ergon Energy is concerned that customers and other interested stakeholders may misinterpret the Preliminary Determination and conclude the prices for quoted services set out in Table 16.21 apply in 2015-16. Ergon Energy provided indicative prices in our Regulatory Proposal to demonstrate compliance with the control mechanism. The actual prices for these services will be determined at the time of the customer's enquiry and will reflect the actual requirements of the service requested. In the Substitute Determination, we recommend the AER makes an explicit reference to the prices for quoted services being indicative only.

3.6. List of changes

Table 2 sets out the changes we have made to our October Regulatory Proposal and supporting documents in response to the AER's Preliminary Determination.

Table 2: Revisions to our Regulatory Proposal and supporting documents in relation to the AER's preliminary decision on fee based and quoted services

Document	Section/Table	Revision
Regulatory Proposal	Section 5.3	<ul style="list-style-type: none"> Inserted the basis of the control mechanism as set out in the Preliminary Determination
	Section 5.4	<ul style="list-style-type: none"> Changed the formula descriptions for fee based and quoted services (as per Section 3.1)
05.05.01 – Inputs and assumptions for Alternative Control Services	Section 2	<ul style="list-style-type: none"> Updated to include the price cap formula and cost build-up formula contained in the Preliminary Determination (rather than the Framework and Approach) Inserted our proposed formulas (as per Section 3.1)
	Section 3.1.1	<ul style="list-style-type: none"> Included a reference to the base (raw) administration labour rate being as per the Preliminary Determination
05.06.01 – ACS Pricing Inputs	Inputs	<ul style="list-style-type: none"> Updated the base (raw) ordinary administration labour rate to \$31.25 per hour (\$ real 2014-15) Updated the base (raw) overtime administration labour rate to \$57.11 per hour (\$real 2014-15) Applied the maximum labour on-cost rate (43.5%) to the ordinary administration labour rate for 2014-15 to 2019-20 Applied the maximum overhead rate (65%) to the ordinary and overtime administration labour rates for 2014-15 to 2019-20
05.06.02 – Fee based services model	Inputs	<ul style="list-style-type: none"> As per changes to the ACS Pricing Inputs file
05.06.03 – Quoted services model	Inputs	<ul style="list-style-type: none"> As per changes to the ACS Pricing Inputs file
All documents referenced above	All	<ul style="list-style-type: none"> Updated terminology to match the AER's preliminary decision: <ul style="list-style-type: none"> replaced 'fixed fee service' with 'fee based service' replaced 'quoted price service' with 'quoted service'

4. Other revisions

Ergon Energy has made a number of changes to our proposal on fee based and quoted services since October 2014. This section outlines our key revisions and provides a list of the changes.

4.1. Key revisions

4.1.1. Prices applying in 2015-16

In our 2015-16 Pricing Proposal, Ergon Energy proposed several changes to the inputs underlying the calculation of our 2015-16 actual and indicative prices. Specifically, we amended:

- the nominal labour, fleet, materials and contractor services escalators. Due to the timing of our October Regulatory Proposal, we applied annual CPI data to July quarter 2014. We noted at the time that we would update our prices for the annual CPI data to December quarter 2014 once it became available. This change impacted the nominal escalators
- the overhead rates, in line with our CAM. Further information on the methodology we used to recalculate our overheads is contained in section 7.3.1 of our 2015-16 Pricing Proposal
- the labour on-cost rate applying to the base administration labour rate (refer to Section 3.2.2).

These changes resulted in different prices for fee based services and indicative prices for quoted services. The AER approved these prices as part of our 2015-16 Pricing Proposal. We have applied the approved inputs and prices for 2015-16 in our revised Regulatory Proposal without modification.

4.1.2. Updated inputs

Ergon Energy has updated several inputs underlying the calculation of our indicative prices for the remaining years of the regulatory control period (i.e. 2016-17 to 2019-20). In particular, we have revised:

- our forecast overhead rates, in line with our CAM. These overhead rates will be updated annually
- our forecast inflation. We have applied the annual CPI data to December quarter 2014 of 1.72 per cent in our pricing models. This has impacted the nominal escalators used in our pricing models. Ergon Energy notes the inflation rate will be updated each year to reflect the annual percentage change in the ABS CPI All Groups Weighted Average of Eight Capital Cities from December in year $t-2$ to December in year $t-1$
- our forecast real cost escalators. Ergon Energy has applied the escalators provided by Jacobs⁶ in our pricing models.⁷

⁶ Refer to 06.02.07 – Jacobs: Addendum Cost Escalation Factors 2015-20.

⁷ It is important to note Ergon Energy has not updated the nominal escalators applying in 2015-16. These escalators were approved by the AER in the Preliminary Determination and the 2015-16 Pricing Proposal.

4.1.3. Metering

New metering charges

If the AER chooses to retain its approach to charging separate fees for new or replacement meters, Ergon Energy proposes to recover these costs as either a fee based or quoted service. Specifically, we propose:

- eight new fee based services for the installation and provision of a Type 5 or 6 meter on or after 1 July 2015 during business hours, where the new or upgraded meter is required as a result of a customer request. These services are differentiated by the type of meter (i.e. single phase, dual element, three phase and current transformer) and the type of feeder the customer is connected to (i.e. either urban/short rural or long rural)
- one new quoted service, which applies to any installation and provision of a Type 5 or 6 meter after hours, where the new or upgraded meter is required as a result of a customer request.

Further details on these charges, and our rationale for proposing them, is contained in our *Metering – Response* submission document. We have included these charges in our pricing models.

Removal of ‘Install additional metering’ service

Ergon Energy has removed our proposed ‘Install additional metering service’ from the quoted services model. Ergon Energy initially included this service in our October Regulatory Proposal to cover off instances where additional metering is installed where the meter is not part of the default Type 5 and 6 metering service. This service is no longer required as we have:

- introduced separate fees for new or replacement meters
- revised the service description of our ‘Change tariff’ service so that it includes reprogramming for adding or removing tariffs.

4.1.4. Service descriptions

Ergon Energy has made a couple of minor amendments in our pricing models to the service descriptions of some fee based and quoted services. These changes are set out in our supporting submission, *Classification of Services – Response*, and relate to the following services:

- Application fee for basic or standard connections
- Change tariff.

4.2. List of changes

Table 3 sets out the other revisions we have made to our October Regulatory Proposal and supporting documents.

Table 3: Revisions to our Regulatory Proposal and supporting documents in relation to other factors influencing our fee based and quoted services

Document	Section/Table	Revision
05.05.01 – Inputs and assumptions for Alternative Control Services	All	<ul style="list-style-type: none"> References to 'next regulatory control period' have been replaced with 'regulatory control period 2015-20' References to 'current regulatory control period' have been replaced with 'regulatory control period 2010-15' References to the 'operating expenditure' overhead rate have been replaced with 'Customer Service' References to the 'capital expenditure' overhead rate have been replaced with 'Regulated Capex'
	Table 1	<ul style="list-style-type: none"> Updated to reflect new fee based services for metering
	Section 3.1.4	<ul style="list-style-type: none"> Updated to reflect the overhead rate methodology published in our 2015-16 Pricing Proposal which is consistent with our CAM Clarified that the Regulated Capex overhead rate applies to any service for which the costs should be capitalised. This change has also been made in sections 3.2.3 and 3.3.3
	Tables 3 and 4	<ul style="list-style-type: none"> Amended to reflect our forecast Customer Service and Regulated Capex overhead rates
	Section 4.1	<ul style="list-style-type: none"> Deleted the reference to Materials not being used in the delivery of fee based services, given the new metering services
	Table 5	<ul style="list-style-type: none"> Updated the cost components and 2015-16 prices for fee based services to reflect changes made to the underlying inputs (e.g. revised overhead rates) approved by the AER Added new metering services (including a column for material costs)
	Sections 4.2 and 5.2	<ul style="list-style-type: none"> Updated reference to inflation rate to 1.72% Added reference to materials escalation rates and on-cost rates being updated annually (section 4.2 only)
	Appendix A	<ul style="list-style-type: none"> Updated base labour rates to reflect: <ul style="list-style-type: none"> annual CPI data to December 2014 administration labour rate determined by the AER (escalated) Updated base fleet rates to reflect annual CPI data to December 2014
	Appendix C	<ul style="list-style-type: none"> Updated footnote to reflect latest version of the Establish and Manage Contracts for Goods and Services Guidelines
	Appendix D	<ul style="list-style-type: none"> Updated dollar amounts in the worked example to reflect changes to underlying inputs

Document	Section/Table	Revision
	Table 10	<ul style="list-style-type: none"> Updated indicative prices for quoted services to reflect changes to underlying inputs approved by the AER Added an indicative price for the new quoted service relating to the installation and provision of meters after hours Removed the 'Install additional metering' service Revised service reference numbers
05.06.01 – ACS Pricing Inputs	All	<ul style="list-style-type: none"> Updated inputs to reflect: <ul style="list-style-type: none"> our revised overhead rate forecasts escalations provided by Jacobs inflation forecasts
05.06.02 – Fee based services model	All	<ul style="list-style-type: none"> Updated inputs to reflect: <ul style="list-style-type: none"> our revised overhead rate forecasts escalations provided by Jacobs inflation forecasts <p>This had a cascading impact on the prices contained in the 'Price Summary' tab</p> Added the new fee based services for metering and the relevant assumptions. This necessitated the inclusion of a 'Materials' section in the 'Inputs' tab and a revision to the 'Materials' description in the 'Fee based services formula' tab Service description changes
05.06.03 – Quoted services model	All	<ul style="list-style-type: none"> Updated inputs to reflect: <ul style="list-style-type: none"> our revised overhead rate forecasts escalations provided by Jacobs inflation forecasts. <p>This had a cascading impact on the indicative prices contained in the 'Price Summary' tab</p> Added the new quoted service for metering and the relevant assumptions Removed the 'Install additional metering' service Service description and service reference number changes
05.06.05 – Sustainable Procurement Policy Business Rules	Revised document	<ul style="list-style-type: none"> Minor amendment to the definition of contracts Updated information relating to panels to indicate that Vendorpanel should be used to obtain quotes Revised information relating to the use of corporate cards to provide greater clarity around restrictions, such as fixed assets Removed reference to the Local Industry Participation Plan

Definitions, acronyms, and abbreviations

ABS	Australian Bureau of Statistics
ACS	Alternative Control Service
AER	Australian Energy Regulator
CAM	Cost Allocation Method
CPI	Consumer Price Index