

Schedule 1: 3. Step Changes

3.1 For all step changes in forecast expenditure (including those due to changes in regulatory obligations or requirements and those due to changes in TransGrid's own policies and strategies) provide:

(a) In Workbook 1 – regulatory determination, regulatory template 2.17, the quantum of the step change:

(i) forecast in each year of the forthcoming regulatory control period;

- > Refer to TransGrid's Revenue Reset RIN response template "2.17 Step Changes", table 2.17.1 see document TransGrid – 18_19 to 22_23 Final Regulatory Information Notice Templates – 0117 - PUBLIC

(ii) expected to be incurred, in the current regulatory control period;

- > Refer to TransGrid's Revenue Reset RIN response template "2.17 Step Changes", table 2.17.1 see document TransGrid – 18_19 to 22_23 Final Regulatory Information Notice Templates – 0117 – PUBLIC

(b) a description of the step change.

Refer to:

- > TransGrid's Revenue Proposal for the period 2018/19 to 2022/23, Section 6.4.4: Step Changes Overview. See document TransGrid – Revenue Proposal 18_19 to 22_23– 0117 - PUBLIC
- > TransGrid's Off Easement Risk Management Assessment, document submitted as an Appendix to the Revenue Proposal, see TransGrid - Appendix D Step Change Off Easement Risk Management -0117 - PUBLIC.

3.2 For each step change listed in response to paragraph 3.1 provide an explanation of:

(a) when the change occurred, or is expected to occur;

Refer to:

- > TransGrid's Revenue Proposal for the period 2018/19 to 2022/23, Section 6.4.4: Step Changes Overview. See document TransGrid – Revenue Proposal 18_19 to 22_23– 0117 - PUBLIC
- > TransGrid's Off Easement Risk Management Assessment, document submitted as an Appendix to the Revenue Proposal, see TransGrid - Appendix D Step Change Off Easement Risk Management -0117 - PUBLIC.

(b) what the driver of the step change is;

Refer to:

- > TransGrid's Revenue Proposal for the period 2018/19 to 2022/23, Section 6.4.4: Step Changes Overview. See document TransGrid – Revenue Proposal 18_19 to 22_23– 0117 - PUBLIC

- > TransGrid's Off Easement Risk Management Assessment, document submitted as an Appendix to the Revenue Proposal, see TransGrid - Appendix D Step Change Off Easement Risk Management -0117 - PUBLIC.

(c) how the driver has changed or will change (for example, revised legislation may lead to a change in a regulatory obligation or requirement); and

Refer to:

- > TransGrid's Revenue Proposal for the period 2018/19 to 2022/23, Section 6.4.4: Step Changes Overview. See document TransGrid – Revenue Proposal 18_19 to 22_23– 0117 - PUBLIC
- > TransGrid's Off Easement Risk Management Assessment, document submitted as an Appendix to the Revenue Proposal, see TransGrid - Appendix D Step Change Off Easement Risk Management -0117 - PUBLIC.

(d) whether the step change is recurrent in nature.

- > The step change TransGrid has forecast is recurrent in nature.

3.3 For each step change listed in response to paragraph 3.1 provide justification for when, and how, the step change affected, or is expected to affect:

(a) the relevant opex category;

Refer to:

- > TransGrid's Revenue Proposal for the period 2018/19 to 2022/23, Section 6.4.4: Step Changes Overview. See document TransGrid – Revenue Proposal 18_19 to 22_23– 0117 - PUBLIC
- > TransGrid's Off Easement Risk Management Assessment, document submitted as an Appendix to the Revenue Proposal, see TransGrid - Appendix D Step Change Off Easement Risk Management -0117 - PUBLIC.
- > Operating expenditure incurred relating to the Off Easement Risk Management step change will be in the opex category in the RIN template "Maintenance – Land and Easements", given the activities relate to vegetation management, see document TransGrid- 18_19 to 22_23 Final Regulatory Information Templates- 0117-PUBLIC/

(b) the relevant capex category;

Not applicable.

(c) total opex; and

- > TransGrid's Revenue Proposal for the period 2018/19 to 2022/23, Section 6.2: Forecast operating expenditure overview See document TransGrid – Revenue Proposal 18_19 to 22_23– 0117 - PUBLIC

(d) total capex.

Not applicable.

3.4 For each step change listed in response to paragraph 3.1 provide the process undertaken by TransGrid to identify and quantify the step change; provide cost benefit analysis that demonstrates TransGrid proposes to address the step change in a prudent and efficient manner, including:

Refer to

- > TransGrid's Revenue Proposal for the period 2018/19 to 2022/23, Section 6.4.4: Step Changes Overview. See document TransGrid – Revenue Proposal 18_19 to 22_23– 0117 – PUBLIC

- > TransGrid's Off Easement Risk Management Assessment, document submitted as an Appendix to the Revenue Proposal, see TransGrid - Appendix D Step Change Off Easement Risk Management -0117 - PUBLIC

(a) the timing of the step change; and

Refer to:

- > TransGrid's Revenue Proposal for the period 2018/19 to 2022/23, Section 6.4.4: Step Changes Overview. See document TransGrid – Revenue Proposal 18_19 to 22_23– 0117 – PUBLIC
- > TransGrid's Off Easement Risk Management Assessment, document submitted as an Appendix to the Revenue Proposal, see TransGrid – Appendix D Step Change Off Easement Risk Management -0117 – PUBLIC

(b) if TransGrid considered a 'do nothing' option, evidence of how TransGrid assessed the risks of this option compared with other options.

Refer to:

- > TransGrid's Revenue Proposal for the period 2018/19 to 2022/23, Section 6.4.4: Step Changes Overview. See document TransGrid – Revenue Proposal 18_19 to 22_23– 0117 – PUBLIC
- > TransGrid's Off Easement Risk Management Assessment, document submitted as an Appendix to the Revenue Proposal, see TransGrid – Appendix D Step Change Off Easement Risk Management -0117 – PUBLIC

3.5 For each step change listed in response to paragraph 3.1 where the step change is due to a change in a regulatory obligation or requirement, provide:

(a) relevant variations or exemptions granted to TransGrid during the previous regulatory control period or the current regulatory control period;

Not applicable.

(b) relevant compliance audits TransGrid conducted during the previous regulatory control period or the current regulatory control period.

Refer to

- > Cutler Merz audit report commissioned by TransGrid, for IPART – October 2016. Submitted as a supporting document to the Revenue Proposal, TransGrid - Cutler Merz - Risk Audit - 1016 – PUBLIC. This audit report was commissioned on the instruction of IPART following their consideration of their own audits of New South Wales operators.
- > Aurecon audit report commissioned by TransGrid, under previous regulator – May 2015. . Submitted as a supporting document to the Revenue Proposal, TransGrid - Aurecon - Risk audit-0515 – PUBLIC.

3.6 For each step change listed in response to paragraph 3.5 provide, with reference to specific clauses of the relevant legislative instrument(s), the:

(a) previous regulatory obligation or requirement; and

Not applicable.

(b) changed regulatory obligation or requirement that is driving the step change.

A new interpretation of existing regulatory obligations is driving a change in requirements, which is driving the Off Easement Risk Management step change.

