

Networks Information Requirements Review

Workshop 4: DNSP Revenue and Financial Information

Summary

18 August 2022

Networks Information Requirements Review: DNSP Revenue and Financial Information Workshop (Workshop 4)

Date of Workshop: 18 August 2022

Attendees

Attendees included representatives from: AER, AusNet Services, Endeavour Energy, Energy Queensland, Essential Energy, Evoenergy, Jemena, Power and Water Corporation, Powercor, Rosetta Analytics, SA Power Networks, Sydney Water, and TasNetworks.

Workshop structure

The group discussed the issues on the issues register and the data use cases for Asset base values, Tax Information, issues related to the Annual RIN, and other issues. The issues register (with responses) and the data use cases relating to both topics were provided to workshop participants prior to the workshop via our website. See [Workshop materials](#).

Topic 1. Asset base values – New information request

Workshop discussion

The AER reviewed the data requirements for indicative RAB/TAB as discussed in [Workshop 3](#) – see issue #16 for more information.

The AER reiterated that it is not trying to change any current definitions of depreciation in the new data requirement workbooks, only use different terms for different types of depreciation for clarity – see issue #109 for more information.

Use cases

No issues were raised on use cases relating to Asset Base Values.

Topic 2: Tax information – New information request

Issue #43 - Tax

Issue raised by Jemena: The adjustment to tax expense for value of gifted assets is defined “In the information request for financial performance data”. However, our current information request reports total taxable revenue and/or income for customer contributions and/or gifted assets. We request clarity on whether this new data requirement aligns with the total taxable revenue and/or income for customer contributions and/or gifted assets line item in our current information request.

AER Response: The AER intends to collect the data as per the current information request and will amend the requirements.

Workshop discussion

The AER is not trying to change definitions regarding the current tax information request.

ACTION ITEM 1: The AER will amend the Tax Information data request in the next iteration of workbooks, so it aligns with the current information request.

Issue #273 - SCS - Profitability tax data

Issue raised by Power and Water Corporation: Some of this data is already reported in the Profitability Measures RIN, so could use some of that data in this RIN.

AER Response: The data requirement reflects the current profitability measures data requirements.

Workshop discussion

Yes, this data is currently collected in the Profitability RIN. However, the AER is trying to incorporate as much information under the one instrument as we can, so these requirements will be moved to be required under the new instrument.

Question from AusNet Services: The profitability information does not currently require audit, as it is collected via an information request. Given this data will be incorporated into the central instrument, does this mean the AER will want this information audited?

AER Response: Yes, now that this information request has matured, we think it is appropriate to bring it under the assurance requirements.

Use cases

No issues were raised on use cases relating to Profitability tax data.

Topic 3: Annual RIN

NOTE: Schedule 1 to the Annual RIN is an addition set of information (non-data) requirements that complement the Annual RIN data requirements. Schedule 1 includes the DMIA and DMIS reports. Schedule 1 also asks for an explanation for material differences in forecast and historic capex, opex, revenue and demand.

Issue #20 – Avoided TOUS

Issues raised by Essential: This has been omitted but suggest that this is required somewhere – needed by AER to review the under/overs adjustment calculations.

AER Response: Avoided TUOS data is included in workbook 9 Revenue and financial statements, for the Distribution business, and at the standard control services level.

Issue #95 - DMIS DMIA

Issue raised by CPU: We understand that Annual RIN – Schedule 1 was not included as this level of data is yet to be considered. This reporting is necessary for DMIA and DMIS. It is important this is included in the consolidated instrument and is not treated separately. Separating these requirements would undermine the benefits of consolidation.

AER Response: These data requirements will be incorporated into the next iteration of workbooks.

Workshop discussion

The AER agrees with CPU. Not having this included in the first iteration of workbooks was an oversight.

ACTION ITEM 2: AER to incorporate DMIS and DMIA data requirements into workbook 9.

Powercor asked if any changes to DMIS and DMIA information would be made.

The AER values the explanatory material it receives through Schedule 1 to the Annual RIN but does not consider the data requirements workbooks the appropriate place to specify the required level of information detail.

AER response: The AER's intention is to set out the schemes' data requirements in the data workbooks and specify other information requirements in the Order.

Issue #45 - Jurisdictional schemes, cross boundary, TUOS

Issue raised by Jemena: Jurisdictional scheme payments, cross-boundary expenditure and TUOS expenditure are not reported as SCS expenditure

AER response: Rows/descriptors are standardised for data capture. AER will amend validation rules so NULL is valid.

Workshop discussion

Income statements illustrated in workbook 9 are based on the AER’s current assumptions about how the disaggregated data aligns to high level totals. If businesses need additional disaggregations added to ensure the validation rules are met, please let the AER know.

Alternatively, where a category does not apply to an NSP, we can make NULL a valid response, noting we may have to amend current validation rules. This will allow us to create templates that are consistent across all businesses.

ACTION ITEM 3: NSPs to advise AER if any additional categories are required for the Income Statement tables in workbook 9.

Issue #19 – Material Differences

Issue raised by Essential Energy: This table has been omitted but it is the only place to provide reasons for material differences – will the AER rely on auditors being satisfied with variances?

AER Response: Information on material differences will be collected as supporting information rather than as part of the data requirements.

Workshop discussion

AER would like to understand what is driving changes behind material differences. That is, what drives a material difference between what a business expected to happen versus what actually happened – but we don’t think the data workbooks are the correct place to set out these information requirements.

AER could ask for this information in a more informal way, for example, by following up material differences with information requests. Alternatively, AER could require explanations of material difference under the new Order.

AusNet Services: AER will also get this info under Schedule 1.

AER Response: Yes, but that’s at a higher level. AER would still need to follow up on an ad-hoc, iterative basis if Schedule 1 was the only place this information was collected.

ACTION ITEM 4: AER will consider where and how it will collect explanations of material differences.

Use cases

No issues were raised on use cases relating to Annual RIN data.

Topic 4: Other Issues

Issue #49 – Income Statement

Issue raised by Jemena: We recommend removing this section from this workbook [Expenditure Workbook 06] if the data will be collected in Consultation Workbook 09—Revenue and financial statements.

Workshop discussion: The AER noted the duplication and agreed it should only collect the data once. AER will review data requirements to eliminate duplication.

ACTION ITEM 5: AER will review data requirements to eliminate duplication.

Issues #230, #271, #272, #279, #283 – NULL responses

Workshop discussion: AER allows NULL responses where data requirements do not apply to a business. An explanation will be required as a one off, not annually.

Issues #50, #51, #57, #151 – Incorrect RIN references

Workshop discussion: The AER acknowledged the errors and noted the feedback is helpful for us.

[NOTE: EB RIN Issues were addressed in Workshop 2. These issues include #44, #46, #47, #128, #174, #175, #275, #276, # 281, #282. For more information see [Workshop 2 materials](#) and [Workshop 2 meeting notes.](#)]

Use cases

Question from Powercor regarding use cases with no current use and no proposed future use – what is the AER's intent regarding continued data collection for these data sets?

AER Response: At this stage the datasets with no defined use cases are being flagged for removal. However, as that is an AER Board decision, we are not in a position to pre-empt the Board's decision. It is also possible a potential use case will be developed by AER subject matter experts as part of our further review.

Question from Powercor on assurance and audit requirements – Where is this being dealt with within the project?

AER Response: Assurance and audit requirements will be deal with as part of the wider project but not as part of these data workshops. We have heard from businesses that they want assurance requirements tied to the AER use cases. We will present this case to the AER Board. The Board will likely consider costs (e.g., degradation of data quality) versus benefits (e.g., savings on auditing costs that can be passed on to consumers).

The Draft Order will take forward the workbooks and the non-data elements including assurance and audit requirements. Following these data workshops, there will be two more rounds of consultation to come in the next year on the non-data project elements.

Question from Powercor on workshops 5 & 6 – will operating expenditure be discussed in the next set of workshops [the workshop title says 'mainly capex']

AER Response: Yes, these workshops will cover both capital and operating expenditure.