

# Draft Annual Order - transmission network service providers

December 2023

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# 1 Regulatory Information Order framework

## 1.1 Purpose of this Order

- 1.1.1 This *Regulatory Information Order* (Order) requires a specific class of *regulated network service providers* to provide the *Australian Energy Regulator* (AER) with information annually.
- 1.1.2 The AER requires this information to perform or exercise its functions and powers under the *National Electricity Law (NEL)* or the *National Electricity Rules (NER)*.
- 1.1.3 The Order is issued under Part 3, Division 4 of the *NEL*.

## 1.2 Specified class of persons to which this Order applies

- 1.2.1 This Order applies to:
- *regulated transmission system operators* that own, control or operate a *transmission system* located in the Australian Capital Territory, New South Wales, Queensland, South Australia, Tasmania or Victoria (*TNSPs*).
- 1.2.2 For the avoidance of doubt, this Order does not apply to:
- *regulated interconnectors*; or
  - *AEMO*.
- 1.2.3 Throughout this Order we refer to the specified class as '*TNSPs*'.

## 1.3 Reasons for issuing this Order

- 1.3.1 In accordance with our powers to issue a regulatory information order, as set out in section 28F of the *NEL*, the AER considers it is reasonably necessary for the performance or exercise of its functions and powers under the *NEL* for *TNSPs* to provide, prepare and maintain information in the manner and form specified in this Order.
- 1.3.2 The functions and powers of the AER are specified under section 15 of the *NEL*. The functions and powers relevant to this Order include but are not limited to:
- monitoring *TNSP's* compliance with *transmission determinations*
  - preparing and publishing reports on *TNSP's* financial and operational performance, and
  - economic regulatory functions or powers including the making of a *transmission determination*
  - any other functions and powers conferred on it under the *NEL* and the *NER* (including the functions conferred outlined in paragraph 1.3.3 below).

- 1.3.3 Under rule 6A.31 of the *NER*, the *AER* must prepare and publish an *annual benchmarking report* to describe the relative efficiency of each *TNSP* over a 12-month period. Further, under rules 6A.6.6 and 6A.6.7 of the *NER*, the *AER* must have regard to benchmark operating expenditure and benchmark capital expenditure when assessing these types of expenditure.
- 1.3.4 Section 16 of the *NEL* requires the *AER* to perform its functions in a manner that will or is likely to contribute to the achievement of the *national electricity objective*. Section 16 of the *NEL* also requires that, when exercising discretion in making those parts of a *transmission determination* relating to *prescribed transmission services*, the *AER* must take into account the revenue and pricing principles.
- 1.3.5 Accordingly, the *AER* requires detailed information relating to *TNSPs* and their regulated electricity *network services*. For example, the *AER* considers that to monitor capital, operating expenditures, network reliability performance, and inform the next *transmission determination*, the *AER* requires annually detailed revenue, capital expenditure, operating expenditure, and network reliability information. Much of this information is only held by *TNSPs* and is not publicly available.
- 1.3.6 The *AER* considers that the information that it receives in response to this *Order* will enable it to perform its functions and powers under section 15 of the *NEL* and contribute to the achievement of the *national electricity objective*.

## 1.4 Responding to this Order

- 1.4.1 *TNSPs* must comply with all the *Order* requirements in preparing, providing and maintaining their annual response to the *AER*.
- 1.4.2 *TNSPs* must submit their annual response to the *AER* using the *AER* file sharing service, *AER* information portal or other method agreed by the *AER*.
- 1.4.3 *TNSPs* should note failure to comply with this *Order* may result in the *AER* issuing an infringement notice or seeking a civil penalty under the *NEL*. Knowingly providing a response that is false or misleading may also be an offence under the *NEL* and a serious offence under the Criminal Code (Cth).

## 1.5 Annual response date

- 1.5.1 This *Order* applies for four consecutive years (*reporting periods*).
- 1.5.2 For *TNSPs* that have a regulatory year ending on 30 June:
- (a) The first *reporting period* commences on 1 July 2024 and ends on 30 June 2025.
  - (b) The second, third and fourth *reporting periods* end on 30 June 2026, 30 June 2027 and 30 June 2028, respectively.
- 1.5.3 For *TNSPs* that have a regulatory year ending on 31 March:

- (c) The first *reporting period* commences on 1 April 2024 and ends on 31 March 2025.
- (d) The second, third and fourth *reporting periods* end on 31 March 2026, 31 March 2027 and 31 March 2028, respectively.

1.5.4 Information required to be provided in response to this *Order* is to be delivered to the *AER* in accordance with the table 1.

**Table 1: Schedule of response dates**

Information requirement	Response date
All information required under sections 3, 4, 5, and 6	
<ul style="list-style-type: none"> <li>• For the first <i>reporting period</i></li> </ul>	On or before 30 November, 5 months after the end of the relevant <i>reporting period</i>
<ul style="list-style-type: none"> <li>• For the second, third and fourth <i>reporting periods</i></li> </ul>	On or before 31 October, 4 months after the end of the <i>reporting period</i>

## 1.6 Annual information to be provided to the AER

- 1.6.1 Each year *TNSPs* are required to provide the following information for the *reporting period* to the *AER*:
- (a) The information specified in section 3 of this *Order*
  - (b) The information specified in section 4 of this *Order*
  - (c) A *basis of preparation* that meets the requirements set out in section 5 of this *Order*
  - (d) *Audit and/or assurance reports* that meet the requirements set out in section 6 of this *Order*
  - (e) A statutory declaration that meets the requirements set out in section 6 of this *Order*.

## 1.7 Structure of this Order

- 1.7.1 This *Order* is structured as followed:
- **Section 2** sets out the general requirements that apply under this *Order*.
  - **Section 3** identifies the data required from *TNSPs*.
  - **Section 4** identifies the *supporting information* required from *TNSPs*.
  - **Section 5** identifies the *supporting information* required from *TNSPs* in the *basis of preparation*.

- **Section 6** identifies the *supporting information* required from *TNSPs* to meet the audit and assurance requirements that apply under this *Order*.
- **Section 7** sets out information around the interpretation and definitions that apply to this *Order*.
- **Appendix A** contains the *data workbooks* setting out the data requirements and the *data workbook* instructions relevant to section 3.
- **Appendix B** contains the definitions that apply under this *Order*.
- **Appendix C** contains a template for use in preparing the *basis of preparation* required under section 5.



## 2 General requirements

### 2.1 Preparation of information provided to the AER

- 2.1.1 Prepare all information required under this *Order* in a manner and form that is in accordance with the requirements which:
- (a) is in an electronic format;
  - (b) if submitted as a standalone file, is not protected, and allows for precedents and dependants to be traced;
  - (c) for information provided as a written response, is fully searchable, in text readable format and is capable of text selection and a ‘copy and paste’ function being applied to it (all document files must be provided in Microsoft Word or PDF); and
  - (d) for information required in the *data workbooks*, is provided in a form agreed with the *AER*.

### 2.2 Maintaining information provided under the Order

- 2.2.1 *TNSPs* must maintain all information used to prepare the annual responses required under this *Order* for a period of seven years from the date the information is submitted to the *AER*.

### 2.3 Security of critical infrastructure

- 2.3.1 If a *TNSP* identifies any information provided in response to this *Order* as *protected (SOCl) information* (as defined in the *Security of Critical Infrastructure Act 2018*), the “entity” being, the *TNSP* must:
- (a) ensure the use and disclosure of the *protected (SOCl) information* relates to the actions of an entity prescribed under section 5 of the *SOCl Act*.
  - (b) Ensure the *protected (SOCl) information* is identified by:
    - (i) Naming the file or document in which the *protected (SOCl) information* is reported with the suffix ‘Protected SOCl Act’;
    - (ii) Identifying the specific information within the file or document that is *protected (SOCl) information* by shading the relevant data or other information (suggested shading colour: blue (hex #25C6FF)).
  - (c) Provide the *AER* with a list of files or documents containing *protected (SOCl) information*.
  - (d) Provide the *AER* with a version of each file or document listed in response to section 2.3.1(c) from which *protected (SOCl) information* has been redacted. This version of the file or document must be named in accordance with the instructions at section 4.1.2(b) of this *Order*, and listed in the table provided in response to section 4.1.2(a) of this *Order*.

## 2.4 Confidentiality claims

- 2.4.1 If a *TNSP* makes a claim for confidentiality over any information provided in response to this *Order*, it must:
- (a) comply with the requirements of *AER's Confidentiality Guideline (2017)*, as if it extended and applied to responses to this *Order*
  - (b) provide, in addition to a confidential version of any information, a version of the information that may be published by the *AER*, and
  - (c) highlight all information that is subject to a confidentiality claim, and if that information is reported in response to the requirements of section 3 of this *Order*, it must be highlighted using a methodology agreed by the *AER*.

## 2.5 Resubmission of information provided under the Order

- 2.5.1 If a *TNSP* wishes to amend, or is required to resubmit information provided under this *Order* it must notify the *AER* of the proposed resubmission, and:
- (a) identify the information to be resubmitted
  - (b) provide the reason for the resubmission, and
  - (c) advise whether or not the resubmitted information results in a *material* change in its response to the *Order*.
- 2.5.2 If the *AER* agrees that information should be resubmitted, a *TNSP* must update the relevant information as directed by the *AER*.
- 2.5.3 If a *TNSP* resubmits information that results in a *material change* to its response to this *Order*, the *AER* may request that it provides assurance over this information by:
- (a) verifying the resubmitted information by way of a statutory declaration in accordance with section 6.2 of this *Order*; and/or
  - (b) providing the necessary audit report and assurance report, as applicable for the resubmitted information, prepared in accordance with the requirements set out in section 6 of this *Order*.

## 3 Regulatory template requirements

### 3.1 Requirement to provide information specified in data workbooks

3.1.1 *TNSPs* must prepare and provide the AER with the information required in the *data workbooks* attached in Appendix A titled:

- *Annual order - TNSPs - Data category 02 Operational outputs.xlsx (Workbook 02 – Operational outputs)*
- *Annual order - TNSPs - Data category 03 Network metrics.xlsx (Workbook 03 – Network metrics)*
- *Annual order - TNSPs - Data category 05 Service performance.xlsx (Workbook 05 – Service performance)*
- *Annual order - TNSPs - Data category 06 Operating expenditure.xlsx (Workbook 06 – Operating expenditure)*
- *Annual order - TNSPs - Data category 07 Capital expenditure.xlsx (Workbook 07 – Capital expenditure)*
- *Annual order - TNSPs - Data category 08 Asset base values.xlsx (Workbook 08 – Asset base values)*
- *Annual order - TNSPs - Data category 09 Revenue and financial statements.xlsx (Workbook 09 – Revenue and financial statements)*

3.1.2 *TNSPs* must prepare the information specified in the *data workbooks* in accordance with the instructions set out:

- (a) in each *data workbook*, and
- (b) in the document attached at Appendix A titled '*Annual order – TNSP – Appendix A Instructions (Data Workbook instructions)*'.

3.1.3 *TNSPs* must provide the information specified in the *data workbooks* in a manner agreed with the AER.

## 4 Supporting information requirements

### 4.1 Requirements to provide supporting information under this Order

- 4.1.1 *TNSPs* must prepare and provide the *AER* with the information set out in sections 4, 5 and 6 of this *Order*.
- 4.1.2 *TNSPs* must provide the following information to assist the *AER* in identifying the information submitted in response to the *Order*:
- (a) a table that references each response to this section 4 and where it is provided in the annual information submission;
  - (b) a table that references each file (workbook, document or other) provided in or as part of the annual information submission, where each file listed in the table must be given a name in the form:

[*TNSP* name] – Annual Order – [reporting period] – [title] – [public/confidential]

where:

- (i) [Title] provides a meaningful description of the content of document, with limited reliance on acronyms or cross references, for example “Appendix 1A” is not meaningful, but “Appendix 1A – Cost allocation method” is;
- (ii) [Public/confidential] identifies if the file in its entirety can be published (public); or if it contains any information that is the subject of a claim for confidentiality in accordance with this *Order* (confidential).

### 4.2 Policies and procedures

- 4.2.1 The *TNSP* must provide its:
- (a) regulatory accounting principles and policies,
  - (b) capitalisation policy, and
  - (c) policy/procedures for the allocation of overheads, in accordance with the approved *cost allocation method*.
- 4.2.2 The *TNSP* must identify any changes to the policies and procedures listed at 4.2.1(a) that occurred in the *reporting period*, and describe:
- (a) the reason for the change
  - (b) the impact of the change on the information being reported.

### 4.3 Regulatory adjustments

- 4.3.1 For *regulatory adjustments* recorded in the *data workbooks* (Workbook 06 – Operating expenditure, Workbook 09 – Revenue and financial statements) the *TNSP* must provide a regulatory adjustments journal that identifies:
- (a) each adjustment included in the *regulatory adjustments* reported in the *data workbooks*

- (b) how each adjustment maps to the *regulatory adjustments* reported in the *data workbooks*
- (c) for each adjustment
  - (i) the accounts credited and the amounts credited
  - (ii) the accounts debited and the amounts debited.

4.3.2 For *regulatory adjustments* recorded in the regulatory adjustments journal the *TNSP* must provide:

- (a) a detailed explanation for the underlying reason for the *regulatory adjustment*
- (b) methodology and assumptions used to quantify the *regulatory adjustment*.

## 4.4 Discretionary row descriptors

4.4.1 *TNSPs* must keep discretionary row descriptors (inputs) used to meet the information requirements in the *data workbooks* at Appendix A the same in each *reporting period*.

4.4.2 If a *TNSP* has varied the row descriptors (inputs) compared to those used when reporting in the previous *reporting period* or *regulatory year*, the *TNSP* must provide:

- (a) an explanation of the relationship between the current row descriptors, and those used in the previous annual submission
- (b) an explanation of why the change was made
- (c) supporting material (or references to supporting material) driving the change (including for example policies, guidelines, or accounting standards).

## 4.5 Allocation of revenues and expenditures to service segments

**Note: Service segment refers to *prescribed transmission services, negotiated transmission services and Non-regulated transmission services***

4.5.1 For each item of revenue or expenditure reported on a causal allocation basis from Audited financial statements to a service segment provide:

- (a) a description of the causal basis of allocation
- (b) the numeric quantity of the allocator
- (c) an explanation of why the allocator was selected.

4.5.2 For each item of revenue or expenditure reported on a non-causal allocation basis from Audited financial statements to a service segment provide:

- (a) a description of the non-causal basis of allocation
- (b) the numeric quantity of the allocator
- (c) an explanation of why the allocator was preferred over other possible allocators
- (d) an explanation why no causal basis of allocation could be established

- (e) documents showing any approval previously granted by the AER to use the allocator.

## 4.6 Material differences

- 4.6.1 Identify each difference (where the difference is equal to or greater than  $\pm 10$  per cent) between the target performance measure specified in the service target performance incentive scheme and actual performance reported in the *data workbooks*.
- 4.6.2 Identify each difference (where the difference is equal to or greater than  $\pm 10$  per cent) between the AER's forecast operating expenditure by category and actual operating expenditure reported in *Workbook 06 - Operating expenditure*.
- 4.6.3 Identify each difference (where the difference is equal to or greater than  $\pm 10$  per cent) between the AER's forecast capital expenditure by purpose and actual capital expenditure by purpose reported in *Workbook 07 - Capital expenditure*.
- 4.6.4 Explain the reasons for each difference identified in the response to sections 4.6.1, 4.6.2 and 4.6.3.

## 4.7 Service performance information

### Information for annual compliance

- 4.7.1 The *TNSP* subject to the *service target performance incentive scheme* (STPIS) must report the following service performance information:
  - (a) The primary drivers of service performance in the relevant calendar year, including reasons for any significant changes in service performance from the previous calendar year.
  - (b) The *TNSP's* proposed service standards factor (s-factor) and financial incentive calculated in accordance with the *transmission determination* applying in current *regulatory control period* and the *STPIS*. The *TNSP* must report the value of the s factor and financial incentive both before and after any proposed exclusions.
  - (c) A list of the current criteria for any aspect of the *TNSP's* STPIS parameters defined by the *TNSP* and subject to change during the current *regulatory control period*.

## 4.8 Third party benefit transactions

- 4.8.1 When the *regulatory accounts* record transactions associated with any subcontracting, purchase or other arrangements, that cause the *TNSP*, or any *related party* of the *TNSP*, to enjoy a beneficial interest in income, or other value, the *TNSP* must provide:
  - (a) a description of the arrangement
  - (b) its underlying purpose
  - (c) details of the counterparty
  - (d) details of the third parties

- (e) the monetary value of such transactions that arose in the regulatory accounting period
- (f) the basis of charge for the transaction entered into by the *TNSP*
- (g) the basis of calculation of the corresponding benefit received by a TNSP or the related party
- (h) a summary of the associated accounting entries that have been recorded in the prescribed services segment.

## **4.9 Demand management innovation allowance mechanism**

- 4.9.1 Identify each *demand management innovation allowance mechanism (DMIAM)* eligible project for which the *TNSP* seeks approval.
- 4.9.2 For each *DMIAM* eligible project identified in the response to section 4.9.1:
  - (a) explain how it complies with project criteria detailed at section 2.2.1 of the *DMIAM*;
  - (b) submit a compliance report in accordance with section 2.3 of the *DMIAM*.
- 4.9.3 Provide an overview of developments in relation to projects or programs completed in previous years of the current *regulatory control period*, and of any results to date.
- 4.9.4 Provide any other required information as specified by the *DMIAM*.

## **4.10 Tax standard asset lives**

- 4.10.1 Identify all tax standard asset lives applied to asset classes that differ from those contained in the *AER* approved *Post Tax Revenue Model* for the *reporting period*.
- 4.10.2 Explain the reasons for each difference identified in section 4.10.1 including reasons for any departure from the Australian Tax Office's most recent determination of effective life.

## **4.11 Tax reporting – immediate expensing**

- 4.11.1 List and explain the types of capital expenditure (such as refurbishment capital expenditure and capitalised overheads) associated with *the immediate expensing of capital expenditure* as reported in the *data workbooks*, if any.
- 4.11.2 State if, in the *reporting period*, the *TNSP* has changed and/or intends to change its tax policy on *immediate expensing of capital expenditure*, and explain the rationale for the change and impact of the change.

## **4.12 Regulatory investment test expenditure**

- 4.12.1 For each project where the *TNSP* has incurred expenditure during the *reporting period* relating to a project that has undergone a *RIT-T* in



accordance with r.5.17 of the NER and the *AER's RIT-T application guidelines*, provide the following details:

- (a) the name of the *RIT-T* and the date on which the *RIT-T* process was concluded; and
- (b) whether the expenditure on the project is classified as *augmentation* expenditure or replacement expenditure.

## 4.13 Related party information

4.13.1 For each *related party transaction* reported in *Workbook 09 – Revenue and financial statements*, the *TNSP* must confirm the contract or arrangement requires the *related party* to provide all relevant information to enable the *TNSP* to meet its reporting obligations (including allocation or attribution of costs of that *related party* contract) under this *Order*.

## 4.14 Compliance

4.14.1 Describe the process the *TNSP* has in place to identify a *negative change event* under clause 6A.7.3(f) of the *NER* and the *materiality threshold* applied to these events.

## 4.15 Reconciliation of expenditure

4.15.1 The *TNSP* must identify all non-network operating expenditures items that have been reported against more than one operating expenditure category. The *TNSP* must specify the relevant categories and expenditure amounts, for each non-network expenditure item allocated to multiple categories and enable reconciliation to total non-network operating expenditure reported on a mutually exclusive/collectively exhaustive basis to meet the requirement for operating expenditure by purpose.

## 4.16 Benchmarking asset base

4.16.1 If the *TNSP* wishes to report benchmarking asset base values in accordance with the *Optional additional approach* set out in the economic benchmarking RIN<sup>1</sup>, it must submit the economic benchmarking asset base tables prepared using the optional additional approach as a separate data submission:

## 4.17 Taxable income adjustments

4.17.1 The *TNSP* must provide in its *basis of preparation*, the methodology used to determine the permanent differences due to disallowed interest expenditure, and specify the interest expenditures, that the *TNSP* has assessed to be non-deductible.

4.17.2 The *TNSP* must provide in its *basis of preparation*, details of the prior year tax adjustments, including the reasons for the change (e.g. change in legislation, court judgment or Australian Tax Office correspondence where relevant).

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<sup>1</sup> See Appendix A Instructions, section 8.1, for details of the 'Optional additional approach'.



## 4.18 Interest expense

4.18.1 The *TNSP* must provide in its *basis of preparation*, in relation to its interest expenditure:

- a) a description and explanation of the methodology used to allocate the interest expenditure. This methodology should provide:
  - i. the specific debt that has been allocated to the *TNSP*'s core regulated services;
  - ii. the general debt that has been allocated *TNSP*'s core regulated services;
  - iii. the method used to allocate the specific debt and general debt between the regulated and unregulated assets held at the group level and also to the core regulated services; and
  - iv. the method used to allocate related party interest to the *TNSP*'s core regulated services, to the extent related party debt has been included in the specific or general debt allocations; and
- b) if available or applicable to the *TNSP*, details of the characteristics of the portfolio of debt being allocated to the *TNSP*, including:
  - i. the value of drawn debt allocated to the *TNSP*'s core regulated services;
  - ii. the portfolio-weighted average term of debt instruments giving rise to interest expense reported; and
  - iii. any additional detail in its *basis of preparation*, that the *TNSP* would consider relevant in understanding the allocated interest expenditure.

## 4.19 Safety

4.19.1 The *TNSP* must provide its definition of significant event, as per its approved Electrical Networks Safety Management System (ENSMS).

4.19.2 The *TNSP* must provide details of each significant event, including:

- a) the date, time, description of the event and event identifier (if used by the *TNSP*)
- b) the impact of the event on network personnel (including specification of the incident type)
- c) the impact of the event on members of the public (including specification of the incident type)
- d) the impact of the event on property
- e) the impact of the event on the operation of the network
- f) the estimated cost of the event where it includes damage to property
- g) information on mandatory reporting or notification of the event under WHS legislation
- h) information on mandatory reporting or notification of the event to the jurisdictional safety regulator
- i) any additional relevant information that will aid the AER's understanding of the event and its impact.

4.19.3 All information on significant events must be reported consistent with the requirements of the *TNSP's* ENSMS.

## **4.20 Large projects**

4.20.1 For each large project reported in *Workbook 07 – Capital expenditure* the *TNSP* must report:

- a) the date the large project was approved; or a regulatory investment test for the project was concluded; or a contingent project was triggered and approved by the AER
- b) whether the project is a contingent project
- c) the expenditure forecast for the reporting year; the difference between forecast and actual expenditure; and drivers of the difference.

## 5 Basis of preparation

### 5.1 Overview

5.1.1 *TNSPs* must prepare and submit a *basis of preparation* with each annual response to this *Order*. The *basis of preparation* must:

- (a) enable auditors, assurance practitioners and the *AER* to clearly understand how the *TNSP* has compiled the information required under this *Order*.
- (b) identify any policy or operating instructions that are used to direct the compilation and preparation of information required to respond to the *Order*.

### 5.2 General instructions

5.2.1 For each table and sub-table in the *data workbooks* the *basis of preparation* must:

- (a) describe the source of the information provided;
- (b) document the methodology (if any) used to transform the source data to meet the requirements of *Order*, including any policies or procedures that *materially* impact the methodology
- (c) list the assumptions used in applying the methodology noted under (b)
- (d) classify the information as *actual information* or *estimated information* or a NULL response
- (e) where *estimated information* is provided:
  - i. explain why *actual information* cannot be provided and
  - ii. why the *estimated information* provided is the *TNSP's* best estimate.
- (f) where a NULL response is provided explain why the information requirement is not relevant to the *TNSP*
- (g) explain any changes in the information sources or methodology that have occurred in the reporting period.

5.2.2 The *basis of preparation* may contain additional information if the *TNSP* considers it could assist a user to gain an understanding of the information presented in the *data workbooks*.

5.2.3 Appendix C contains a table that must be used by the *TNSP* to meet the requirements of section 5 of this *Order*. The required table may be submitted as an excel, word, text searchable PDF file or in another format as agreed with the *AER*.

## 6 Assurance requirements

### 6.1 Audit and/or assurance reports

- 6.1.1 Audits and reviews must be conducted in compliance with Australian Auditing and Assurance Standards, as developed by the Auditing and Assurance Standards Board.
- 6.1.2 When undertaking an audit or review on the *data workbooks* presented by a *TNSP*, as required under section 3 of this *Order* (and described in the *data workbooks*), an auditor or assurance practitioner must opine or attest by reference to the *TNSP*' *basis of preparation*, prepared in accordance with section 5 of this *Order*.

### 6.2 Provision of audit and assurance reports

- 6.2.1 The *TNSP* must provide the *AER* with the *audit reports* and/or *assurance reports* as applicable, prepared in accordance with the requirements set out in this section 6.
- 6.2.2 The *TNSP* must provide all reports from the auditor to its management arising from the audit or review engagements relating to this *Order*.

### 6.3 General requirement to audit or review

- 6.3.1 The independent audit or review requirements set out in this section 6 apply to the following types of historical information to be submitted each *reporting period*, in accordance with section 3 of this *Order*:
- (a) *Actual financial information*;
  - (b) *Estimated financial information* where the *TNSP* certifies that it is not possible to provide *actual financial information*; and
  - (c) *Actual and estimated non-financial information*.

### 6.4 Exceptions to audit or review requirements

- 6.4.1 The general requirement to audit or review does not apply to information that has previously been audited according to the standards set out in sections 6.6, 6.7 and 6.8 and submitted to the *AER*.
- 6.4.2 Where reliance is made on the exemption in section 6.4.1, the *TNSP* must identify the information the exemption covers in response to this *Order*. However, if this previously audited and supplied data is disaggregated for the purposes of this *Order*, the disaggregated data and reconciliation with the previously audited and supplied data must be audited.
- 6.4.3 Auto populated cells in the *data workbooks* are outside of the audit and review requirements.

6.4.4 The following data requirements are exempt from audit and review requirements under sections 6.6, 6.7 and 6.8:

- Workbook 02            Connections – average number of entry connection points by voltage  
  
                                        Connections – average number of exit connection points by voltage
- Workbook 03            Asset age – Estimated service life of new assets  
  
                                        Asset age – Estimated residual service life
- Workbook 06            Maintenance opex

## 6.5 Class of person to conduct audits or reviews

6.5.1 The audit or review of *actual* or *estimated financial information* must be conducted by the Auditor General of the state in which the *TNSP* is based, or a person who:

- (a) is a registered company *auditor* who is a member of the Chartered Accountants Australia and New Zealand (CA or FCA) or of CPA Australia (CPA or FCPA) that holds a Certificate of Public Practice;
- (b) is independent from the *TNSP* and any *related party* of the *TNSP* – that is, not a principal, member, shareholder, *officer*, or employee of the *TNSP* or a *related party*;
- (c) is appointed for the purposes of expressing an opinion or conclusion on the audit or review requirements outlined in section 6 of this *Order*;
- (d) has experience in conducting financial, performance, operation or quality assurance audits and conducting data sampling in the electricity industry;
- (e) possesses relevant knowledge and experience in the electricity industry, engineering, IT systems, asset management or customer service as relevant to the audit or review;
- (f) understands regulatory accounting methods, including the *TNSP's cost allocation method* and the *Transmission Ring-Fencing Guidelines*;
- (g) understands the definitions, procedures and methodologies specified in the *NER* and/or this *Order* that have been used in the preparation of the information the subject of the audit or review; and
- (h) is available to discuss issues relating to the audit or review with the *TNSP* and the *AER*, including where an *audit report* or *assurance report* is critical of, or highlights deficiencies in, the audited *financial information* and/or *non-financial information*.

6.5.2 The review of *non-financial information* may be conducted by a person who is an assurance practitioner as defined in ASAE 3000 Assurance engagements other than audits or reviews of historical financial information and satisfies the requirements set out in (b) to (h) above.

## 6.6 Audit of actual financial information

6.6.1 The audit of *financial information* that is *actual information* must:

- (a) comply with Auditing Standard ASA 805 Special Considerations — Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement;
- (b) include an *audit report* that includes an opinion as to whether or not the *actual financial information* provided is presented fairly in accordance with the requirements of this *Order* and the *TNSP's basis of preparation*; and
- (c) list all tables and sub-tables within scope of the audit engagement.

6.6.2 The following data requirements are exempt from the audit of *financial information* that is *actual information* specified in section 6.6.1:

- Workbook 06 – Vegetation management expenditure by zone
- Workbook 06 – maintenance expenditure by asset category – routine maintenance
- Workbook 06 – maintenance expenditure by asset category – non-routine maintenance
- Workbook 06 – Input expenditure category

NOTE: the assurance requirements at section 6.7 will apply to the data requirements listed in section 6.6.2.

## 6.7 Review of estimated financial information

6.7.1 The review of financial information, that is *estimated information*, must:

- (a) comply with ASRE 2405 Review of Historical Financial Information Other than a Financial Report;
- (b) include an *assurance report* as to whether or not anything has come to the *auditor's* attention that causes it to suggest that the estimated historical *financial information* does not, in all *material* respects, present fairly in accordance with the requirements of this *Order* and *TNSP's basis of preparation*; and
- (c) list all tables and sub-tables within scope of the assurance engagement.

## 6.8 Review of non-financial information

6.8.1 The review of the non-financial information must:

- (a) comply with *ASAE 3000 Assurance engagements other than audits or reviews of historical financial information*;

- (b) include an *assurance report* as to whether or not anything has come to the *auditor's* attention that causes it to suggest that the historical *non-financial information* does not, in all *material* respects, present fairly in accordance with the requirements of this *Order* and *TNSP's basis of preparation*; and
- (c) list all tables and sub-tables within scope of the assurance engagement.

6.8.2 The review of the non-financial information must include a review of data submitted to the AER to support the *TNSP's* annual STPIS compliance review.

## 6.9 Statutory declaration

### Statutory declaration requirements

- 6.9.1 The *Order* requires a company *officer* of the *TNSP* to attest to the completeness and quality of the information provided in response to the *Order*, in accordance with the form of statutory declaration set out in section 6.9.
- 6.9.2 When attesting to the quality of the historical information provided the *officer* of the *TNSP* should take into account relevant factors including (but not limited to) whether historical information provided in response to this *Order*:
- (a) meets the requirements of this *Order*
  - (b) is based on assumptions, that are identified in response to section 5.2.1 of this *Order*, and are justified and supported by evidence;
  - (c) is consistent with applicable *AER* Guidelines; and
  - (d) is consistent, to the extent possible, with historical information previously provided to the *AER*.

### Form of the statutory declaration

6.9.3 An *officer* of the *TNSP* is required to complete a statutory declaration form appropriate for the jurisdiction in which the *officer* resides.

6.9.4 In completing the form, the *officer* must make a declaration in the following terms:

1. I am an officer, for the purposes of the *National Electricity* ([relevant jurisdiction]) *Law*, of [Name of the *TNSP*] in its capacity as a *TNSP* (ABN XX XXX XXX XXX) for the purposes of section 28C of the NEL. I am authorised by [the *TNSP*] to make this statutory declaration as part of its response to the Regulatory Information Order dated [date] (*Order*) served on [the *TNSP*] by the *Australian Energy Regulator* (*AER*).
2. I say that the actual information (as defined in the *Order*) provided in [the *TNSP's*] response to the *Order* is, to the best of my information, knowledge, and belief:

- (a) in accordance with the requirements of the *Order*; and
  - (b) true and accurate.
- 3. Where it is not possible to provide actual information to comply with the *Order*, [the *TNSP*] has, to the best of my information, knowledge, and belief:
  - (a) provided its best estimate of the information in accordance with the requirements of the *Order*; and
  - (b) provided the basis for each estimate, including assumptions made and reasons why the estimate is the best estimate, given the information sought in the *Order*.



## 7 Definitions

### 7.1 Interpretation

7.1.1 In this *Order* unless the contrary intention appears:

- the singular includes the plural, and the plural includes the singular
- the words “shall” and “must” indicate mandatory requirements
- expressions such as “includes” or “for example”, in any form, are not words of limitation
- a reference to any corporation, whether expressly identified or not, includes a reference to any representatives of that corporation, and
- a reference to any legislation, legislative instrument or other instrument is a reference to that legislation or instrument as in force from time to time

### 7.2 Terms used in this Order and data workbooks

7.2.1 The terms used in this *Order* and in the *data workbooks* are defined in Appendix B to this *Order*, or have the meaning given in the *NEL* or *NER* if the term is not defined in this *Order*.

## Appendix A – data workbooks and instructions

The following workbooks are attached in this *Order*.

- Annual order – TNSP – Appendix A Instructions (**Workbook instructions**)
- Annual order - TNSP - Data category 02 Operational outputs.xlsx (**Workbook 02 – Operational outputs**)
- Annual order - TNSP - Data category 03 Network metrics.xlsx (**Workbook 03 – Network metrics**)
- Annual order - TNSP - Data category 05 Service performance.xlsx (**Workbook 05 – Service performance**)
- Annual order - TNSP - Data category 06 Operating expenditure.xlsx (**Workbook 06 – Operating expenditure**)
- Annual order - TNSP - Data category 07 Capital expenditure.xlsx (**Workbook 07 – Capital expenditure**)
- Annual order - TNSP - Data category 08 Asset base values.xlsx (**Workbook 08 – Asset base values**)
- Annual order - TNSP - Data category 09 Revenue and financial statements.xlsx (**Workbook 09 – Revenue and financial statements**)

## Appendix B – Definitions

Term	Definition
actual information	<p>Information whose presentation is <i>materially</i> dependent on information recorded in historical accounting records or other records used in the normal course of business, and whose presentation is not contingent on judgments and assumptions for which there are valid alternatives, that could lead to a <i>materially</i> different presentation.</p> <p>‘Accounting records’ include trial balances, the general ledger, subsidiary accounting ledgers, journal entries and documentation to support journal entries. Actual financial information may include accounting estimates, such as accruals and provisions, and any adjustments made to the accounting records to populate its regulatory accounts.</p> <p>‘Records used in the normal course of business’, for the purposes of non-financial information, includes asset registers, geographical information systems, outage analysis systems, and so on.</p> <p>Information presented whose presentation is based on allocation method using judgments or assumptions, can be still reported as actual. The allocation method would be expected to be clearly documented by the <i>Network Service Provider</i> or <i>Service Provider</i> and approved by senior management as either a regulatory statement accounting policy or regulated statement policy, with any judgments or assumptions used in the allocation remaining consistent between reporting years. The judgments or assumptions used are to be determined in accordance with the <i>Order</i>, notice or other purpose governing the preparation of the information.</p>
Assurance report	A report provided by an assurance practitioner for a review engagement, prepared in accordance with Australian Auditing Standards.
Audit report	A report provided by an auditor for an audit engagement, prepared in accordance with Australian Auditing Standards.
basis of preparation	A description of the data quality, sources and methodologies used to meet the data requirements.
cost allocation method	The Network Service Provider's cost allocation method, or Service Provider's cost allocation method, approved by the AER for the reporting period.
data workbooks	The excel workbooks at appendix A to this <i>Order</i>
Estimated information	<p>Information whose presentation is not materially dependent on information recorded in the Network Service Provider's or Service Provider's historical accounting records or other records used in the normal course of business, and whose presentation is contingent on judgments and assumptions for which there are valid alternatives, that could lead to a materially different presentation.</p> <p>Please refer to explanation of terms “accounting records” and “records</p>

Term	Definition
	used in the normal course of business” in the definition for actual information.
Financial information	Information that is measured in monetary terms
Immediate expensing of capital expenditure	The value of capital expenditure, that would be added to the regulatory or tax asset base, that has been or would be treated as immediately deductible for income tax purposes (e.g. refurbishments, overheads).
Material (material change)	Information is material if its omission, misstatement or non-disclosure has the potential, individually or collectively to influence the economic decisions of users (including the AER) taken on the basis of the information provided. This definition is based on the definition of materiality in the AASB conceptual framework which provides context for the interpretation of this definition of materiality.
non-financial information	Information that is not measured in monetary terms.
Officer	As defined in section 9 of the Corporations Act 2001 (Cth)
Order	A Regulatory Information Order issued under Part 3, Division 4 of the NEL or Division 4, s45 of the NGL.
Post tax revenue model	As defined in the NER, Chapter 10.
Regulatory adjustments (NSP)	The adjustments made to audited statutory accounts to arrive at the accounts for the Network Service Provider. The adjustments must include: <ul style="list-style-type: none"> <li>(a) non-distribution services;</li> <li>(b) negotiated transmission services;</li> <li>(c) non regulated transmission services;</li> <li>(d) and any other adjustments.</li> </ul>
Third party benefit transactions	A transaction, or a number of transactions intended to achieve a common commercial effect, conducted with a third party.

Note: Definitions of terms used in the *data workbooks* are contained in the *data workbooks*.

## Appendix C – Basis of preparation template

A TNSP must use the *basis of preparation* to meet the requirements of section 5 of this Order.

The *basis of preparation* must be submitted in table form and cover at a minimum the following information for all data requirements:

Workbook /table reference	Annual submission reference		Data quality	Estimated data		NULL response	Information source	Methodology	Assumptions	Additional information	Changes from previous year basis of preparation
	Section 5.2.1		Section 5.2.1(d)	Section 5.2.1(e)		Section 5.2.1(f)	Section 5.2.1(a)	Including policy references  Section 5.2.1(b)	Including policy references and approvals  Section 5.2.1(c)	Section 5.2.2	Section 5.2.1(g)
	File name	Worksheet / table	Actual/ Estimate/ NULL	Why no actual data	Why best estimate	Why requirement is not able to be met					