



# Key capex and opex assumptions certification

29 January 2024



Part of the Energy Queensland Group

## Key assumptions underlying Energex's and Ergon Energy's expenditure forecasts

This document contains the key capital (capex) and operating (opex) expenditure assumptions in the Regulatory Proposal for 2025-30 as well as copies of the certification of reasonableness of these assumptions by the directors of Energex and Ergon Energy as required by the National Electricity Rules (NER).

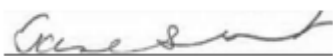
Issue	Key Assumption	Application
<b>Structure and ownership</b>	Our forecasts are based on our current company structure and ownership arrangements.	Capex and Opex
<b>Legislative and regulatory obligations</b>	Our forecasts are based on our current legislative and regulatory obligations and our Distribution Authority.	Capex and Opex
<b>Service classification</b>	We will apply the service classification in the AER's Framework and Approach paper.	Capex and Opex
<b>Customer preferences and expectations</b>	The preferences and expectations of our customers and stakeholders revealed through our stakeholder engagement program have been considered in developing our Regulatory Proposal.	Capex and Opex
<b>Service outcomes</b>	We will maintain, but not improve, our average system-wide service outcomes, consistent with clause 6.5.6(a) and 6.5.7(a) of the National Electricity Rules.	Capex and Opex
<b>Forecast Capex and Opex</b>	Our Capex and Opex forecasts have been developed to enable the requirement to deliver the safe, reliable and customer outcomes.	Capex and Opex
<b>Demand</b>	Our base case network peak demand forecast provides an appropriate basis for our network augmentation forecast.	Capex
<b>Customer numbers</b>	Our base case customer number forecast provides an appropriate approach for our connections capex forecast and the customer numbers component of our Opex rate of change.	Capex and Opex
<b>Cost allocation</b>	Our Cost Allocation Method provides an appropriate basis for attributing and allocating costs to, and between, our distribution services.	Capex and Opex
<b>Unit rates/standard estimates</b>	Unit rates/standard estimates are used in the development of our bottom-up forecasts where appropriate.	Capex

Issue	Key Assumption	Application
<b>Real cost escalations for capex</b>	Our real cost escalations used for our Capex forecasts are reasonable and reflect prudent and efficient costs.	Capex
<b>Inflation</b>	Our forecast inflation is reasonable and reflects the inflation-related costs that we will incur.	Capex and Opex
<b>Opex base year</b>	The financial year 2023-24 is an appropriate base year for our Opex forecast and, subject to our proposed adjustments, is reasonably representative of our recurrent prudent and efficient future Opex requirements.	Opex
<b>Opex trend assumptions</b>	Our forecast changes in input costs, output growth and productivity are reasonable and appropriately reflect the trend in our future Opex, given our (adjusted) Opex base year.	Opex

## Energex

The Board **APPROVED** and **CERTIFIED** that:

- a) in accordance with schedule 6.1.1 (5) of the National Electricity Rules, the key assumptions that underlie the capital expenditure forecasts as set out in this document are reasonable
- b) in accordance with schedule 6.1.2 (6) of the National Electricity Rules, the key assumptions that underlie the operating expenditure forecasts as set out in this document are reasonable



Signed: Company Secretary

29 January 2024

Dated

## Ergon Energy

The Board **APPROVED** and **CERTIFIED** that:

- c) in accordance with schedule 6.1.1 (5) of the National Electricity Rules, the key assumptions that underlie the capital expenditure forecasts as set out in this document are reasonable
- d) in accordance with schedule 6.1.2 (6) of the National Electricity Rules, the key assumptions that underlie the operating expenditure forecasts as set out in this document are reasonable



Signed: Company Secretary

29 January 2024

Dated