

 DRAFT DECISION

AusNet Services transmission determination

 2017−18 to 2021−22

Attachment 8 – Corporate income tax

July 2016

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1. Note
2. This attachment forms part of the AER's draft decision on AusNet Services’ revenue proposal 2017–22. It should be read with other parts of the draft decision.
3. The draft decision includes the following documents:
4. Overview
5. Attachment 1 – maximum allowed revenue
6. Attachment 2 – regulatory asset base
7. Attachment 3 – rate of return
8. Attachment 4 – value of imputation credits
9. Attachment 5 – regulatory depreciation
10. Attachment 6 – capital expenditure
11. Attachment 7 – operating expenditure
12. Attachment 8 – corporate income tax
13. Attachment 9 – efficiency benefit sharing scheme
14. Attachment 10 – capital expenditure sharing scheme
15. Attachment 11 – service target performance incentive scheme
16. Attachment 12 – pricing methodology
17. Attachment 13 – pass through events

Attachment 14 – negotiated services

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1. Shortened forms

| 1. Shortened form
 | 1. Extended form
 |
| --- | --- |
| 1. AARR
 | 1. aggregate annual revenue requirement
 |
| 1. AEMC
 | 1. Australian Energy Market Commission
 |
| 1. AEMO
 | 1. Australian Energy Market Operator
 |
| 1. AER
 | 1. Australian Energy Regulator
 |
| 1. ASRR
 | 1. annual service revenue requirement
 |
| 1. augex
 | 1. augmentation expenditure
 |
| 1. capex
 | 1. capital expenditure
 |
| 1. CCP
 | 1. Consumer Challenge Panel
 |
| 1. CESS
 | 1. capital expenditure sharing scheme
 |
| 1. CPI
 | 1. consumer price index
 |
| 1. DRP
 | 1. debt risk premium
 |
| 1. EBSS
 | 1. efficiency benefit sharing scheme
 |
| 1. ERP
 | 1. equity risk premium
 |
| 1. MAR
 | 1. maximum allowed revenue
 |
| 1. MRP
 | 1. market risk premium
 |
| 1. NEL
 | 1. national electricity law
 |
| 1. NEM
 | 1. national electricity market
 |
| 1. NEO
 | 1. national electricity objective
 |
| 1. NER
 | 1. national electricity rules
 |
| 1. NSP
 | 1. network service provider
 |
| 1. NTSC
 | 1. negotiated transmission service criteria
 |
| 1. opex
 | 1. operating expenditure
 |
| 1. PPI
 | 1. partial performance indicators
 |
| 1. PTRM
 | 1. post-tax revenue model
 |
| 1. RAB
 | 1. regulatory asset base
 |
| 1. RBA
 | 1. Reserve Bank of Australia
 |
| 1. repex
 | 1. replacement expenditure
 |
| 1. RFM
 | 1. roll forward model
 |
| 1. RIN
 | 1. regulatory information notice
 |
| 1. RPP
 | 1. revenue and pricing principles
 |
| 1. SLCAPM
 | 1. Sharpe-Lintner capital asset pricing model
 |
| 1. STPIS
 | 1. service target performance incentive scheme
 |
| 1. TNSP
 | 1. transmission network service provider
 |
| 1. TUoS
 | 1. transmission use of system
 |
| 1. WACC
 | 1. weighted average cost of capital
 |

# Corporate income tax

Our revenue determination includes the estimated cost of corporate income tax for AusNet Services’ 2017–22 regulatory control period.[[1]](#footnote-1) Under the post-tax framework, a corporate income tax allowance is calculated as part of the building block assessment using our post-tax revenue model (PTRM). This amount allows AusNet Services to recover the costs associated with the estimated corporate income tax payable during the 2017–22 regulatory control period.

This attachment sets out our draft decision on AusNet Services’ proposed corporate income tax allowance for the 2017–22 regulatory control period. It also presents our assessment of the proposed opening tax asset base (TAB), and the standard and remaining tax asset lives used to estimate tax depreciation for the purpose of calculating tax expenses.

## Draft decision

We do not accept AusNet Services’ proposed cost of corporate income tax allowance of $167.9 million ($ nominal). Our draft decision on the estimated cost of corporate income tax is $60.6 million ($ nominal) over the 2017–22 regulatory control period. This represents a reduction of $107.3 (or 63.9 per cent) from AusNet Services’ proposal.

The reduction reflects our amendments to some of AusNet Services’ proposed inputs for forecasting the cost of corporate income tax such as the opening TAB (section 8.4.1), and the remaining tax asset lives (section 8.4.3). It also reflects a change to the proposed tax treatment of revenue adjustments associated with the efficiency benefit sharing scheme (section 8.4.4), and our draft decision on the value of imputation credits—gamma (attachment 4). Changes to building block costs also affect revenues, which in turn impact the tax calculation. The changes affecting revenues are discussed in attachment 1.

Table 8.1 sets out our draft decision on the estimated cost of corporate income tax allowance for AusNet Services over the 2017–22 regulatory control period.

Table . AER's draft decision on AusNet Services’ corporate income tax allowance for the 2017–22 regulatory control period ($ million, nominal)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|   | 2017–18 | 2018–19 | 2019–20 | 2020–21 | 2021–22 | Total |
| Tax payable | 22.4 | 18.1 | 21.0 | 23.8 | 15.7 | 101.0 |
| Less: value of imputation credits | 9.0 | 7.2 | 8.4 | 9.5 | 6.3 | 40.4 |
| **Net corporate income tax allowance** | **13.4** | **10.9** | **12.6** | **14.3** | **9.4** | **60.6** |

Source: AER analysis.

## AusNet Services’ proposal

AusNet Services proposed a forecast cost of corporate income tax of $167.9 million ($ nominal) using the AER's PTRM, which adopts a straight-line tax depreciation approach and the following inputs:[[2]](#footnote-2)

* an opening TAB as at 1 April 2017 of $2544.1 million ($ nominal)
* an expected statutory income tax rate of 30 per cent per year
* a value for gamma of 0.25
* remaining tax asset lives for each asset class in existence as at 1 April 2017 calculated using a weighted average approach
* standard tax asset lives as approved at the 2014–17 transmission determination.

Table 8.2 sets out AusNet Services’ proposed corporate income tax allowance for the 2017–22 regulatory control period.

Table . AusNet Services’ proposed corporate income tax allowance for the 2017–22 regulatory control period ($ million, nominal)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|   | 2017–18 | 2018–19 | 2019–20 | 2020–21 | 2021–22 | Total |
| Tax payable | 41.6 | 42.3 | 47.7 | 50.3 | 41.9 | 223.9 |
| Less: value of imputation credits | 10.4 | 10.6 | 11.9 | 12.6 | 10.5 | 56.0 |
| **Net corporate income tax allowance** | **31.2** | **31.7** | **35.8** | **37.8** | **31.5** | **167.9** |

Source: AusNet Services, Revenue proposal, October 2015, PTRM.

## AER’s assessment approach

We make an estimate of taxable income for each regulatory year as part of our revenue determination.[[3]](#footnote-3) Our estimate is for the taxable income a benchmark efficient entity would earn for providing prescribed transmission services if it operated AusNet Services’ business. Our approach for calculating a TNSP's cost of corporate income tax is set out in our PTRM and involves the following steps:[[4]](#footnote-4)

1. We estimate the annual taxable income that would be earned by a benchmark efficient entity operating the TNSP's business.[[5]](#footnote-5) A TNSP's taxable income is calculated by netting the approved forecast revenues by benchmark estimates of tax expenses. Using the PTRM, we model the TNSP's benchmark tax expenses, including interest tax expense and tax depreciation, over the regulatory control period. The interest tax expense is estimated using the benchmark 60 per cent gearing. Tax depreciation is calculated using a separate value for the TAB, and standard and remaining tax asset lives for taxation purposes. All tax expenses (including other expenses such as opex) are offset against the TNSP's forecast revenue to estimate the taxable income.
2. The statutory income tax rate is then applied to the estimated annual taxable income (after adjustment for any tax loss carried forward) to arrive at a notional amount of tax payable.
3. We apply a discount to that notional amount of tax payable to account for the assumed utilisation of imputation credits (gamma) by investors.
4. The tax payable net of assumed utilised imputation credits represents the corporate income tax allowance and is included as a separate building block in determining the TNSP’s annual building block revenue requirement.

The corporate income tax allowance is an output of our PTRM. We therefore assess the TNSP's proposed cost of corporate income tax allowance by analysing the proposed inputs to the PTRM for calculating that allowance. These inputs include:

* **The opening TAB as at the commencement of the 2017–22 regulatory control period:** We consider that the roll forward of the opening TAB should be based on the approved opening TAB as at commencement of the 2014–17 regulatory control period and the TNSP's actual capex incurred during that period and the final year (2013–14) of the previous regulatory control period.[[6]](#footnote-6)
* **The standard tax asset life for each asset class:** We assess the TNSP's proposed standard tax asset lives, where necessary, against those prescribed by the Commissioner for taxation in tax ruling 2015/2[[7]](#footnote-7) and the approved standard tax asset lives in the TNSP's transmission determination for the 2014–17 regulatory control period.
* **The remaining tax asset life for each asset class at the commencement of the 2017–22 regulatory control period:** Our roll forward model (RFM) determines the remaining tax asset lives using the weighted average method.[[8]](#footnote-8) We consider the weighted average method provides a better reflection of the mix of assets within an asset class. We will assess the outcomes of other approaches against the outcomes of this standard method in the RFM.
* **The income tax rate:** The statutory income tax rate is 30 per cent per year.
* **The value of gamma:** We have determined the gamma input for AusNet Services is 0.4. Refer to attachment 4 for detailed discussion on this matter.

### Interrelationships

The cost of corporate income tax building block feeds directly into the annual building block revenue requirement. This tax allowance is determined by four factors:

* pre-tax revenues
* tax expenses (including tax depreciation)
* the corporate tax rate
* gamma—the expected proportion of company tax that is returned to investors through the utilisation of imputation credits—which is offset against the corporate income tax allowance. This is discussed further at attachment 4.

Of these four factors, the corporate tax rate is set externally by the Government. The higher the tax rate the higher the required tax allowance.

The pre-tax revenues depend on all the building block components. Any factor that affects revenue will therefore affect pre-tax revenues. Higher pre-tax revenues can increase the tax allowance.[[9]](#footnote-9)

Depending on the source of the revenue increase, the tax increase may be equal to or less than proportional to the company tax rate.[[10]](#footnote-10)

The tax expenses (or deductions) depend on various building block components and their size. Some components give rise to tax expenses, such as opex, interest payments and tax depreciation of assets. However, others do not, such as increases in return on equity. Higher tax expenses offset revenues as deductions in the tax calculation and therefore reduce the cost of corporate income tax allowance (all things being equal). Tax expenses include:

* Interest on debt – Interest is a tax offset. The size of which depends on the ratio of debt to equity and therefore the proportion of the RAB funded through debt. It also depends on the allowed return on debt and the size of the RAB.
* General expenses – In the main these expenses will match the opex allowance.
* Tax depreciation – A separate TAB is maintained for the TNSPs reflecting tax rules. This TAB is affected by many of the same factors as the RAB, such as capex, although unlike the RAB value it is maintained at its historical cost with no indexation. The TAB is also affected by the depreciation rate and asset lives assigned for tax depreciation purposes.

A ten per cent increase in the corporate income tax allowance would cause revenues to increase by about 0.5 per cent. The proposed gamma of 0.25 compared to the AER's decision of 0.4, would increase the corporate income tax allowance by 32 per cent and total revenues by about 1.3 per cent.

## Reasons for draft decision

We do not accept AusNet Services’ proposed cost of corporate income tax of $167.9 million ($ nominal). We have instead determined a cost of corporate income tax of $60.6 million. This represents a reduction of $107.3 million (or 63.9 per cent) from AusNet Services’ proposal.

This is because we adjusted the following proposed inputs to the PTRM for tax purposes:

* the opening TAB value at 1 April 2017 (section 8.4.1)
* the remaining tax asset lives (section 8.4.3)
* the value of gamma (attachment 4)
* other building block components including forecast opex (attachment 7) and forecast capex (attachment 6) that affect revenues, and therefore also impact the forecast corporate income tax allowance.

We also made a change to AusNet Services' proposed tax treatment of revenue adjustments associated with the efficiency benefit sharing scheme—EBSS (section 8.4.4). However, we have accepted the proposed standard tax asset lives (section 8.4.2).

### Opening tax asset base at 1 April 2017

We accept AusNet Services proposed method to establish the opening TAB at 1 April 2017 as it is based on the approach set out in our RFM. However, we do not accept AusNet Services' proposed opening TAB value at 1 April 2017 of $2544.1 million ($ nominal). Instead, we determine an opening TAB value as at 1 April 2017 of $2532.5 million ($ nominal). This represents a reduction of $11.6 million ($ nominal) or 0.5 per cent to AusNet Services’ proposal. This reduction is due to the adjustments made to the actual capex values in AusNet Services’ proposed RFM as discussed in attachment 2.[[11]](#footnote-11)

Table 8.3 sets out our draft decision on the roll forward of AusNet Services' TAB values over the 2014–17 regulatory control period.

Table . AER's draft decision on AusNet Services TAB roll forward for the 2014–17 regulatory control period ($ million, nominal)

|  |  |  |  |
| --- | --- | --- | --- |
|   | 2014–15 | 2015–16b | 2016–17b |
| Opening TAB | 2250.0 | 2323.7 | 2392.4 |
| Capital expenditurea | 178.1 | 182.9 | 177.5 |
| Less: tax depreciation | 104.4 | 114.3 | 125.9 |
| Closing TAB | 2323.7 | 2392.4 | 2444.0 |
| Group 3 asset roll-in |   |   | 88.5 |
| **Opening TAB as at 1 April 2017** |  |  | **2532.5** |

Source: AER analysis.

(a) As commissioned, net of disposals.

(b) Based on estimated capex. Estimate for 2016–17 reflects AusNet Services’ proposed estimate adjusted for actual inflation.

### Standard tax asset lives

We accept AusNet Services’ proposed standard tax asset lives because they are:

* broadly consistent with the values prescribed by the Commissioner for taxation in tax ruling 2015/2[[12]](#footnote-12)
* the same as those approved standard tax asset lives for the 2014–17 regulatory control period.

We are satisfied that the proposed standard tax asset lives are appropriate for applying over the 2017–22 regulatory control period. We are also satisfied the proposed standard tax asset lives provide an appropriate estimate of the tax depreciation amount for a benchmark efficient TNSP as required by the NER.[[13]](#footnote-13)

Table 8.4 sets out our draft decision on the standard tax asset lives for AusNet Services over the 2017–22 regulatory control period.

### Remaining tax asset lives

We accept AusNet Services’ proposed weighted average method to calculate the remaining tax asset lives as at 1 April 2017. However, we found that the remaining tax asset lives proposed for the Group 3 assets to be added to the TAB did not appear consistent with the standard tax asset lives—for example, the remaining tax asset life was actually longer than the standard tax asset life for some Group 3 assets.

Following an information request from us, AusNet Services revised its calculations and provided updated remaining tax asset lives for these assets.[[14]](#footnote-14) We have reviewed and accept these revised remaining tax asset lives for the Group 3 assets, and have therefore adopted them for the draft decision.

AusNet Services proposed to accelerate depreciation of the RAB value of assets that have been removed from service (or are expected to be removed from service over the 2017–22 regulatory control period). It proposed to fully depreciate the remaining RAB value of these assets over 5 years.[[15]](#footnote-15) However, AusNet Services did not propose an associated accelerated tax depreciation of these assets in respect of their TAB values. Our draft decision approves AusNet Services’ proposed accelerated depreciation of the RAB value of these assets (attachment 5).

We consider that the depreciation profile of these assets should be treated consistently for both RAB and TAB purposes. Accordingly, for this draft decision, we propose to also accelerate the depreciation of the TAB value of assets that have been removed from service (or are expected to be removed from service over the 2017–22 regulatory control period). AusNet Services provided the relevant TAB values for the assets subjected to accelerated depreciation following an information request.[[16]](#footnote-16) We have therefore reallocated $9.3 million from the PTRM opening TAB values of the ‘Transformers’ and ‘Reactive’ asset classes to the new ‘Accelerated depreciation’ asset class, to be depreciated over 5 years for tax purposes.

We have also updated the proposed remaining tax asset lives to reflect our adjustments to AusNet Services’ actual capex in its proposed RFM, as discussed in attachment 2. This is because the actual capex values are inputs for calculating the weighted average remaining tax asset lives in the RFM. We note we will also update the proposed remaining tax asset lives for the final decision for any changes to estimated capex.[[17]](#footnote-17)

Table 8.4 sets out our draft decision on the remaining tax asset lives as at 1 April 2017 for AusNet Services.

Table . AER's draft decision on AusNet Services’ standard and remaining tax asset lives as at 1 April 2017 (years)

| Asset class | Standard tax asset life | Remaining tax asset lifeas at 1 April 2017 |
| --- | --- | --- |
| Secondary | 12.5 | 11.6 |
| Switchgear | 40.0 | 29.2 |
| Transformers | 40.0 | 28.2 |
| Reactive | 40.0 | 21.9 |
| Towers and conductor | 47.5 | 25.2 |
| Establishment | 40.0 | 32.3 |
| Communications | 12.5 | 9.6 |
| Inventory | n/a | n/a |
| IT | 3.5 | 2.9 |
| Vehicles | 8.0 | 5.7 |
| Other (non-network) | 10.0 | 6.6 |
| Premises | 20.0 | 16.5 |
| Land | n/a | n/a |
| Easements | n/a | n/a |
| Equity raising costs (2003-08) | n/a | 2.0 |
| Accelerated depreciation | n/a | 5.0 |

Source: AusNet Services, Revenue proposal, October 2015, PTRM; AER analysis.

n/a: not applicable. The ‘Land’ and ‘Easements’ asset classes do not have assigned standard tax asset lives because these assets do not depreciate over time.

### Tax treatment of revenue adjustments

We do not accept AusNet Services' proposed tax treatment of the revenue adjustments arising from the operation of the EBSS over the 2014–17 regulatory control period. The approach is inconsistent with incentives developed for the scheme and the approach used to calculate the revenue adjustments in the 2014 transmission determination.

In AusNet Services' proposed PTRM it set the switch for tax expense to ‘no’ in relation to the revenue adjustments arising from the EBSS, while recognising the revenues as income for the tax calculation. AusNet Services did not explain this approach in its revenue proposal. This approach adds an additional tax penalty or reward to the revenues associated with the scheme. In contrast, if the revenue adjustments are recognised in the PTRM as both income and expenses for tax purposes, then no additional tax is calculated.[[18]](#footnote-18) An equivalent outcome occurs in the PTRM if the revenue adjustments are completely excluded from the tax calculation, counted as neither tax income nor tax expense.[[19]](#footnote-19) In both cases, the sizes of the revenue adjustments reflect the parameters of the scheme only.

We consider that the EBSS revenue adjustments should be given identical income and expense tax status in the PTRM.[[20]](#footnote-20) We consider that such an approach:

* is consistent with the implementation of the EBSS in the 2014 transmission determination for AusNet Services[[21]](#footnote-21)
* is consistent with our published guidelines on incentive schemes, which were subject to stakeholder consultation[[22]](#footnote-22)
* is consistent with our application of incentive schemes for all other network service providers to date[[23]](#footnote-23)
* means that the TNSP faces a constant incentive to pursue efficiency gains across the regulatory control period. That is, the TNSP obtains the same reward (or penalty) from a given expenditure decrease (increase), regardless of which year of the regulatory control period it occurs.[[24]](#footnote-24) A constant incentive means timing issues associated with the application of regulation do not distort expenditure decisions.

These reasons were discussed in detail in our final decision for Ausgrid.[[25]](#footnote-25) We do not repeat the detailed reasoning here. Ausgrid had also proposed to change the tax treatment of scheme revenue adjustments in the PTRM. No new issues have been raised by AusNet Services for us to consider regarding this matter. We have therefore amended the proposed PTRM to recognise the revenue adjustments with consistent tax status across revenues and expenses for the tax calculation in the PTRM.[[26]](#footnote-26)

Given the overall positive EBSS revenue adjustments determined for AusNet Services for the 2017–22 regulatory control period, the changes in this draft decision remove a small tax allowance (about $1.2 million) that would have been included under AusNet Services' proposed approach.

1. NER, cl. 6A.5.4(a)(4). [↑](#footnote-ref-1)
2. AusNet Services, Revenue proposal, October 2015, PTRM. [↑](#footnote-ref-2)
3. NER, cl. 6A.6.4. [↑](#footnote-ref-3)
4. The PTRM must specify the manner in which the estimated cost of corporate income tax is to be calculated: NER, cl. 6A.5.3(b)(4). [↑](#footnote-ref-4)
5. NER, cl. 6A.6.4. [↑](#footnote-ref-5)
6. The tax depreciation is therefore recalculated based on actual capex. The same tax depreciation approach of using actual capex applies to the roll forward of the TAB at the next reset. [↑](#footnote-ref-6)
7. ATO, Taxation Ruling Income tax: effective life of depreciating assets (applicable from 1 July 2015), July 2015, <http://law.ato.gov.au/atolaw/view.htm?docid=%22TXR%2FTR20152%2FNAT%2FATO%2F00001%22>, accessed on 12 April 2016. [↑](#footnote-ref-7)
8. The weighted average method involves weighting the remaining life of each capital stream within an asset class (that is, the opening tax capital value and the capital expenditures for each year) by the closing tax capital value of that capital stream as a proportion of the total closing tax capital value of the asset class as a whole. The resulting individual values for each capital stream are then added together to obtain the overall weighted average remaining life of the asset class. [↑](#footnote-ref-8)
9. In fact, there is an iterative relationship between tax and revenues. That is, revenues lead to tax, being applied, which increases revenues and leads to slightly more tax and so on. The PTRM is therefore set up to run an iterative process until the revenue and tax allowances become stable. [↑](#footnote-ref-9)
10. For example, although increased opex adds to revenue requirement, these expenses are also offset against the revenues as deductions in determining tax, so there is no net impact in this case. A higher return on equity, in contrast, gives rise to no offsetting tax expenses and therefore increases the tax allowance in proportion to the company tax rate. [↑](#footnote-ref-10)
11. At the time of this draft decision, the roll forward of AusNet Services’ TAB includes estimated capex values for 2015–16 and 2016–17. We will update the 2015–16 estimated capex values with the actual values for the final decision, and may further update the estimate of 2016–17 capex. [↑](#footnote-ref-11)
12. ATO, Taxation Ruling Income tax: effective life of depreciating assets (applicable from 1 July 2015), July 2015, <http://law.ato.gov.au/atolaw/view.htm?docid=%22TXR%2FTR20152%2FNAT%2FATO%2F00001%22>, accessed on 12 April 2016. [↑](#footnote-ref-12)
13. NER, cl. 6A.6.4. [↑](#footnote-ref-13)
14. AusNet Services, Follow up response to IR004, 3 February 2016. [↑](#footnote-ref-14)
15. AusNet Services, Revenue proposal, October 2015, p. 178 and PTRM. [↑](#footnote-ref-15)
16. AusNet Services, Response to IR018, 1 May 2016. [↑](#footnote-ref-16)
17. At the time of this draft decision, the roll forward of AusNet Services’ TAB includes estimated capex values for 2015–16 and 2016–17. We will update the 2015–16 estimated capex values with the actual values for the final decision, and may further update the estimate of 2016–17 capex. The capex values are used to calculate the weighted average remaining tax asset lives in the RFM. Therefore, for the final decision we will recalculate AusNet Services’ remaining tax asset lives as at 1 April 2017 using the method approved in this draft decision. [↑](#footnote-ref-17)
18. This can be done in the PTRM by setting both the tax income and tax expense switches to ‘yes’. [↑](#footnote-ref-18)
19. This can be done in the PTRM by setting both the tax income and tax expense switches to ‘no’. [↑](#footnote-ref-19)
20. As noted above, whether the switches for income: expenses are set ‘yes: yes' or ‘no: no’ for these revenue adjustments brings the same tax outcome. [↑](#footnote-ref-20)
21. AER. Final Decision SP AusNet Transmission determination 2014–15 to 2016–17. January 2014, pp. 41–42, 92–107. [↑](#footnote-ref-21)
22. AER, Better regulation, Efficiency benefit sharing scheme for electricity network service providers, November 2013; AER, Better regulation, Capital expenditure incentive guideline for electricity network service providers, November 2013; and AER, Better regulation, Shared asset guideline, November 2013. [↑](#footnote-ref-22)
23. See for example; AER, Final decision AusNet distribution determination - Attachment 8 - Corporate income tax, May 2016, p. 11; AER, Final decision CitiPower distribution determination - Attachment 8 - Corporate income tax, May 2016, p. 11; AER, Final decision Jemena distribution determination - Attachment 8 - Corporate income tax, May 2016, p. 11; AER, Final decision Powercor distribution determination - Attachment 8 - Corporate income tax, May 2016, p. 11; AER, Final decision United Energy distribution determination - Attachment 8 - Corporate income tax, May 2016, p. 6; AER, Final Decision TransGrid transmission determination - Attachment 8 - Corporate income tax, April 2015, p. 6; AER, Draft decision TasNetworks transmission determination - Attachment 8 - Corporate income tax, November 2014, p. 9. [↑](#footnote-ref-23)
24. In contrast, AusNet Services' proposal would distort this incentive by providing a greater reward (penalty) to the business for expenditure decreases (increases) in later years of the regulatory control period. [↑](#footnote-ref-24)
25. AER, *Final decision, Ausgrid distribution determination 2015–16 to 2018–19, Attachment 8 – Corporate income tax*, April 2015, pp. 8-18. [↑](#footnote-ref-25)
26. That is, the revenue adjustments are both tax income and tax expense. [↑](#footnote-ref-26)