DRAFT DECISION
Murraylink transmission determination
2018 to 2023

Attachment 1 – Maximum allowed revenue

September 2017

AUSTRALIAN ENERGY REGULATOR

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Note

This attachment forms part of the AER's draft decision on Murraylink's transmission determination for 2018–23. It should be read with all other parts of the draft decision.

The draft decision includes the following documents:

Overview

Attachment 1 – Maximum allowed revenue

Attachment 2 – Regulatory asset base

Attachment 3 – Rate of return

Attachment 4 – Value of imputation credits

Attachment 5 – Regulatory depreciation

Attachment 6 – Capital expenditure

Attachment 7 – Operating expenditure

Attachment 8 – Corporate income tax

Attachment 9 – Efficiency benefit sharing scheme

Attachment 10 – Capital expenditure sharing scheme

Attachment 11 – Service target performance incentive scheme

Attachment 12 – Pricing methodology

Attachment 13 – Pass through events

Attachment 14 – Negotiated services

Contents

Shortened forms

Shortened form	Extended form
AARR	aggregate annual revenue requirement
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
ASRR	annual service revenue requirement
augex	augmentation expenditure
capex	capital expenditure
CCP	Consumer Challenge Panel
CESS	capital expenditure sharing scheme
CPI	consumer price index
DMIA	demand management innovation allowance
DRP	debt risk premium
EBSS	efficiency benefit sharing scheme
ERP	equity risk premium
MAR	maximum allowed revenue
MRP	market risk premium
NEL	national electricity law
NEM	national electricity market
NEO	national electricity objective
NER	national electricity rules
NSP	network service provider
NTSC	negotiated transmission service criteria
opex	operating expenditure
PPI	partial performance indicators
PTRM	post-tax revenue model
RAB	regulatory asset base
RBA	Reserve Bank of Australia
repex	replacement expenditure
RFM	roll forward model
RIN	regulatory information notice

Shortened form	Extended form
RPP	revenue and pricing principles
SLCAPM	Sharpe-Lintner capital asset pricing model
STPIS	service target performance incentive scheme
TNSP	transmission network service provider
TUoS	transmission use of system
WACC	weighted average cost of capital

1 Maximum allowed revenue

This attachment sets out our draft decision on Murraylink's maximum allowed revenue (MAR) for the provision of prescribed transmission services over the 2018–23 regulatory control period. Specifically, the attachment sets our draft decision on:[1]

- the estimated total revenue cap, which is the sum of the annual expected MAR
- the annual building block revenue requirement
- the annual expected MAR
- the X factor.

We determine Murraylink's annual building block revenue requirement using a building block approach. We determine the X factors by smoothing the annual building block revenue requirement over the regulatory control period. The X factor is used in the CPI–X methodology to determine the annual expected MAR (smoothed).

1.1 Draft decision

We do not accept Murraylink's proposed annual building block revenue requirement, annual expected MAR and total revenue cap. For the reasons discussed in the attachments to this draft determination, our decisions on Murraylink's proposed building block costs have a consequential impact on its annual building block revenue requirement. We have calculated the X factor and the annual expected MAR (smoothed) to reflect our draft decision on Murraylink's annual building block revenue requirement.

We determine a total annual building block revenue requirement for Murraylink of $84.6 million ($nominal) for the 2018–23 regulatory control period. This is a reduction of $11.8 million ($nominal) or 12.2 per cent to Murraylink's proposal and reflects the impact of our draft decisions on the various building block costs.

We determine the annual expected MAR and X factor for each regulatory year of the 2018–23 regulatory control period by smoothing the annual building block revenue requirement. Our draft decision is to approve an estimated total revenue cap of $84.6 million ($nominal) for Murraylink for the 2018–23 regulatory control period. Our approved X factor for 2019–20 to 2022–23 is –3.43 per cent per annum.[2]

Table 1.1 sets out our draft decision on Murraylink's annual building block revenue requirement, the X factor, the annual expected MAR and the estimated total revenue cap for the 2018–23 regulatory control period.

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1 NER, cll. 6A.4.2(a)(1)–(3), 6A.5.3(c) and 6A.6.8.

2 Murraylink is not required to apply an X factor for 2018–19 because we set the 2018–19 MAR in this decision.

Table 1.1 AER's draft decision on Murraylink's annual building block revenue requirement, annual expected MAR, estimated total revenue cap and X factor ($million, nominal)

	2018–19	2019–20	2020–21	2021–22	2022–23	Total
Return on capital	6.6	6.6	7.0	7.3	7.2	34.7
Regulatory depreciation[a]	3.9	4.1	4.3	4.5	6.4	23.2
Operating expenditure[b]	4.5	4.6	4.8	4.8	5.1	23.8
Revenue adjustments[c]	–0.0	–0.2	0.5	0.0	0.2	0.5
Net tax allowance	0.4	0.4	0.5	0.5	0.6	2.5
Annual building block revenue requirement (unsmoothed)	15.3	15.5	17.1	17.2	19.5	84.6
Annual expected MAR (smoothed)	**15.0**	**15.9**	**16.9**	**17.9**	**19.0**	**84.6**[d]
X factor (%)[e]	n/a[f]	–3.43%	–3.43%	–3.43%	–3.43%	n/a

Source: AER analysis.

(a) Regulatory depreciation is straight-line depreciation net of the inflation indexation on the opening RAB.

(b) Includes debt raising costs.

(c) Includes revenue adjustment from efficiency benefit sharing scheme (EBSS).

(d) The estimated total revenue cap is equal to the total annual expected MAR.

(e) The X factors will be revised to reflect the annual return on debt update. Under the CPI–X framework, the X factor measures the real rate of change in annual expected revenue from one year to the next. A negative X factor represents a real increase in revenue. Conversely, a positive X factor represents a real decrease in revenue.

(f) Murraylink is not required to apply an X factor for 2018–19 because we set the 2018–19 MAR in this decision. The MAR for 2018–19 is around 5.7 per cent higher than the approved MAR for 2017–18 in real terms, or 8.3 per cent higher in nominal terms.

1.2 Murraylink's proposal

Murraylink proposed a total (smoothed) revenue cap of $96.3 million ($nominal) for the 2018–23 regulatory control period.

Table 1.2 sets out Murraylink's proposed annual building block revenue requirement, the X factor, the annual expected MAR and the estimated total revenue cap.

Table 1.2 Murraylink's proposed annual building block revenue requirement, annual expected MAR, estimated total revenue cap and X factor ($million, nominal)

	2018–19	2019–20	2020–21	2021–22	2022–23	Total
Return on capital	7.5	7.6	8.2	8.7	8.5	40.4
Regulatory depreciation[a]	4.4	4.8	4.9	5.2	7.4	26.7
Operating expenditure[b]	4.5	4.5	4.7	4.7	5.0	23.4
Revenue adjustments[c]	–0.2	–0.2	0.6	0	0.6	0.8
Net tax allowance	0.9	0.9	1.0	1.1	1.1	5.0
Annual building block revenue requirement (unsmoothed)	17.1	17.6	19.4	19.6	22.7	96.4
Annual expected MAR (smoothed)	**17.1**	**18.1**	**19.2**	**20.3**	**21.6**	**96.3**[d]
X factor (%)	n/a[e]	–3.95%	–3.95%	–3.95%	–3.95%	n/a

Source: Murraylink, *Revenue proposal*, January 2017, p. 112.

(a) Regulatory depreciation is straight-line depreciation net of the inflation indexation on the opening RAB.

(b) Includes debt raising costs.

(c) Includes revenue adjustment from EBSS.

(d) The estimated total revenue cap is equal to the total annual expected MAR.

(e) Murraylink is not required to apply an X factor for 2018–19 because we set the 2018–19 MAR in this decision.

1.3 Assessment approach

In this section, we describe the building block approach used to determine Murraylink's expected MAR. We also set out the annual revenue adjustment to be applied to Murraylink's MAR over the 2018–23 regulatory control period.

1.3.1 The building block approach

The MAR is calculated using the post-tax revenue model (PTRM).[3] The PTRM must be such that the expected MAR for each year of the regulatory control period is equal to the net present value (NPV) of the annual building block revenue requirement.[4] The total revenue cap is the sum of the expected MARs for the period.[5] In turn, the annual building block revenue requirement must be determined using a building block approach.[6] Therefore, we adopt a building block approach when making our decision on Murraylink's total revenue cap and expected MAR for each regulatory year of the

[3] NER, cll.6A.5.1 and 6A.5.3.

[4] NER, cl. 6A.5.3(c)(1).

[5] NER, cl. 6A.5.3(c)(4).

[6] NER, cl. 6A.5.4.

regulatory control period. Under this approach we determine the value of the building block costs that make up the annual building block revenue requirement for each regulatory year. These building block costs are set out in section 1.3.2.

We developed the PTRM, which brings together the various building block costs and calculates the annual building block revenue requirement for each year of the regulatory control period.[7] The PTRM also calculates the X factors required under the CPI–X methodology which is used to escalate the MAR for each year (other than the first year) of the regulatory control period.[8] Using the X factors and annual building block revenue requirement, the annual expected MAR (smoothed) is forecast for each year of the regulatory control period. Murraylink's revenue proposal must be prepared using our PTRM.[9]

The annual building block revenue requirement can be lumpy over the regulatory control period. To minimise price shocks, revenues are smoothed within a regulatory control period while maintaining the principle of cost recovery under the building block approach. Smoothing requires diverting some of the cost recovery to adjacent years within the regulatory control period so that the NPV of the annual expected MAR (smoothed revenues) is equal to the NPV of the annual building block revenue requirement (unsmoothed revenues). That is, a smoothed profile of the expected MAR is determined for the regulatory control period under the CPI–X methodology.

The expected MAR for the first year is generally set equal to the annual building block revenue requirement for the first year of the regulatory control period. It may be appropriate to set the expected MAR for the first year to align with the MAR from the last year of the previous regulatory control period to avoid any large revenue variation between periods (or P_0):[10]

$$MAR_1 = AR_1 \text{ or } MAR_L$$

where:

MAR_1 = the maximum allowed revenue for year 1 of the regulatory control period

AR_1 = the annual building block revenue requirement for year 1 of the regulatory control period

MAR_L ~ the maximum allowed revenue for the last year of the previous regulatory control period.

To enable the formula for the annual revenue adjustment process (discussed in section 1.3.3) to operate correctly, we will refer to the MAR determined in this decision using

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7 NER, cl. 6A.5.

8 NER, cll. 6A.5.3 and 6A.6.8.

9 NER, cl. 6A.5.1(a).

10 The MAR for year 1 of the regulatory control period may include adjustment for the performance incentive that applied during the previous regulatory control period, and under or over recovery adjustments from previous regulatory years.

the building block costs as the allowed revenue (AR). This is because the expected MAR determined using the building block costs does not incorporate performance incentive scheme revenue adjustments and pass through amounts that may apply to each regulatory year.

In this determination for Murraylink, we first calculate annual building block revenue requirements for each year of the 2018–23 regulatory control period. To do this we consider the various costs facing Murraylink and the trade-offs and interactions between these costs, service quality and across years. This reflects our holistic assessment of Murraylink's revenue proposal.

We understand the trade-offs that occur between building block costs and test the sensitivity of these costs to their various driver elements. These trade-offs are discussed in the interrelationships section of the various attachments to this draft decision and are reflected in the calculations made in the PTRM.[11] Such understanding allows us to exercise judgement in determining the final inputs into the PTRM and the annual building block revenue requirements that result from this modelling.

Having determined the total annual building block revenue requirement for the 2018–23 regulatory control period, we smooth the annual building block revenue requirements for each regulatory year across that period. This step reduces revenue variations between regulatory years, and calculates the expected MAR and X factor for each year.[12] The X factors equalise (in NPV terms) the total expected revenue cap to be earned by Murraylink with the total building block revenue requirement for the 2018–23 regulatory control period.[13] They must minimise, as far as reasonably possible, the variance between the expected MAR and annual building block revenue requirement for the last regulatory year of the period.[14] We consider a divergence of up to 3 per cent between the expected MAR and annual building block revenue requirement for the last year of the regulatory control period is reasonable, if this can promote smoother price changes over the regulatory control period.

The building block costs (and the elements that drive those costs) used to determine the unsmoothed annual building block revenue requirements are set out in section 1.3.2.

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11 There are trade-offs that are not modelled in the PTRM but are reflected in the inputs to the PTRM. For example, service quality is not explicitly modelled in the PTRM, but the trade-offs between service quality and price are reflected in the forecast capex and opex inputs to the model. Other trade-offs are obvious from the calculations in the PTRM. For example, while someone may expect a lower regulatory asset base to also lower revenues, the PTRM shows that this will not occur if the reduction in the regulatory asset base is due solely to an increase in the depreciation rate. In such circumstances, revenues increase as the increased depreciation allowance more than offsets the reduction in the return on capital caused by the lower regulatory asset base.

12 NER, cl. 6A.6.8(a).

13 NER, cl. 6A.6.8(c)(1).

14 NER, cl. 6A.6.8(c)(2).

1.3.2 The building block costs

The efficient costs to be recovered by Murraylink can be thought of as being made up of various building block costs. Our draft decision assesses each of the building block costs and the elements that drive these costs. The building block costs are approved reflecting trade-offs and interactions between the cost elements, service quality and across years.

Table 1.3 shows the building block costs that form the annual building block revenue requirement for each year and where discussion on the elements that drive these costs can be found within this draft decision.

Table 1.3 Building block costs

Building block costs	Attachments where elements are discussed
Return on capital	Regulatory asset base (attachment 2) Rate of return (attachment 3) Capex (attachment 6)
Regulatory depreciation (return of capital)	Regulatory asset base (attachment 2) Depreciation (attachment 5) Capex (attachment 6)
Operating expenditure (opex)	Opex (attachment 7)
Efficiency benefits/penalties	EBSS (attachment 9)
Estimated cost of corporate tax	Value of imputation credits (attachment 4) Corporate income tax (attachment 8)
Adjustment for shared assets	Maximum allowed revenue (attachment 1)

1.3.3 Annual revenue adjustment process

The PTRM incorporates an expected inflation rate to calculate the expected MAR (excluding performance incentive scheme revenue adjustments and pass through amount that may apply to each regulatory year) in nominal dollar terms, whereas the actual MAR from the second year onwards is adjusted for actual inflation. As discussed in attachment 3, we will update Murraylink's return on debt annually. This means the actual MAR for each year will also be adjusted for revised X factors after the annual return on debt update. This annual revenue adjustment process is set out below.

The MAR for the subsequent year of the regulatory control period requires an annual adjustment based on the previous year's allowed revenue.[15] That is, the subsequent

[15] In the case of making the annual adjustment for year 2, the previous year's AR would be the same as the approved smoothed revenue for year 1 as contained in the PTRM.

year's allowed revenue is determined by adjusting the previous year's allowed revenue for actual inflation and the X factor determined after the annual return on debt update:

$$AR_t = \mathbf{AR}_{t-1} \times (\mathbf{1} + \Delta\mathbf{CPI}) \times (\mathbf{1} - \mathbf{X}_t)$$

where:

AR	=	the allowed revenue
t	=	time period/financial year (for t = 2 (2019–20), 3 (2020–21), 4 (2021–22), 5 (2022–23))
ΔCPI	=	the annual percentage change in the ABS consumer price index all groups, weighted average of eight capital cities from December in year t – 2 to December in year t – 1[16]
X	=	the smoothing factor determined in accordance with the PTRM as approved in the AER's final decision, and annually revised for the return on debt update in accordance with the formula specified in the return on debt appendix calculated for the relevant year.[17]

The MAR is determined annually in accordance with the NER by adding to (or deducting from) the allowed revenue:

- the service target performance incentive scheme revenue increment (or revenue decrement)[18]
- any approved pass through amounts.[19]

Table 1.4 sets out the timing of the annual calculation of the AR and performance incentive:

MAR_t	=	(allowed revenue) + (performance incentive) + (pass

[16] In the transmission determination for Murraylink's 2013–18 regulatory control period, the CPI required for the annual MAR adjustment process reflects the March quarter CPI, which is typically published by the ABS in late April each year. For this transmission determination we require Murraylink to use the December quarter of the previous calendar year CPI for the annual MAR adjustment for its 2018–23 regulatory control period. December quarter CPI is typically released by the ABS towards the end of January of the following year. As the same set of CPI will be used for the RAB roll forward at the next reset for Murraylink in 2023, this change will allow us to update the actual CPI for RAB roll forward purposes well before the publication date of the final decision at the next reset. There will be an overlapping issue of the March quarter CPI when the transition to the December quarter CPI occurs (this will be in the year 2018–19 for Murraylink). This is because the CPI for March quarter 2018 will be reflected in both 2017–18 and 2018–19. However, we consider this is only a transitional issue and unlikely to have a material impact on the revenue to be recovered by Murraylink.

[17] Please see attachment 3 for details.

[18] NER, cl. 6A.7.4.

[19] NER, cll. 6A.7.2 and 6A.7.3.

through)

$$= \quad AR_t + \left(\left(AR_{t-2} \times \frac{1}{2}\right) + \left(AR_{t-1} \times \frac{1}{2}\right)\right) \times S_{ct} + P_t$$

where:

MAR	=	the maximum allowed revenue
AR	=	the allowed revenue
S	=	the revenue increment or decrement determined in accordance with the service target performance incentive scheme
P	=	the pass through amount (positive or negative) that the AER has determined in accordance with clauses 6A.7.2 and 6A.7.3 of the NER
t	=	time period/financial year (for *t* = 2 (2019–20), 3 (2020–21), 4 (2021–22), 5 (2022–23))
ct	=	time period/calendar year (for *ct* = 2 (2018), 3 (2019), 4 (2020), 5 (2021)).

Murraylink may also adjust the MAR for under or over-recovery amounts.[20] That is, if the revenue amounts earned from providing prescribed transmission services in previous regulatory years are higher or lower than the sum of the approved MAR for those years, the difference could be included in the subsequent years' MAR. In the case of an under-recovery, the amount is added to the subsequent years' MAR. In the case of an over-recovery, the amount is subtracted from the subsequent years' MAR.

Table 1.4 Timing of the calculation of allowed revenues and the performance incentive for Murraylink

t	Allowed revenue (financial year)	*ct*	Performance incentive (calendar year)
2	1 July 2019– 30 June 2020	2	1 January 2018– 31 December 2018
3	1 July 2020– 30 June 2021	3	1 January 2019– 31 December 2019
4	1 July 2021– 30 June 2022	4	1 January 2020– 31 December 2020
5	1 July 2022– 30 June 2023	5	1 January 2021– 31 December 2021

Note: The performance incentive for 1 January 2017–31 December 2017 is to be applied to the AR determined for 2018–19 (AR_1).

[20] NER, cll 6A.23.3(e)(5) and 6A.24.4(c).

1.3.4 Average transmission charges

We are not required to determine the transmission charges in this determination for Murraylink. Nonetheless, we provide the indicative transmission charges (and the resulting impact on annual electricity bills) that flow from the revenue determination as discussed in section 1.4.3. Although we assess Murraylink's proposed pricing methodology as part of this determination, actual transmission charges established at particular connection points are not determined by us. Murraylink provides prescribed transmission services in two regions—South Australia and Victoria. Murraylink's MAR is portioned across the two regions whereby the coordinating network service providers[21] establish their transmission charges in accordance with the approved pricing methodology and the NER.[22]

1.4 Reasons for draft decision

We determine a total annual building block revenue requirement of $84.6 million ($nominal) for Murraylink for the 2018–23 regulatory control period. This compares to Murraylink's proposed total annual building block revenue requirement of $96.4 million ($nominal) for this period.

Figure 1.1 shows the building block components from our determination that make up the annual building block revenue requirement for Murraylink, and the corresponding components from its proposal.

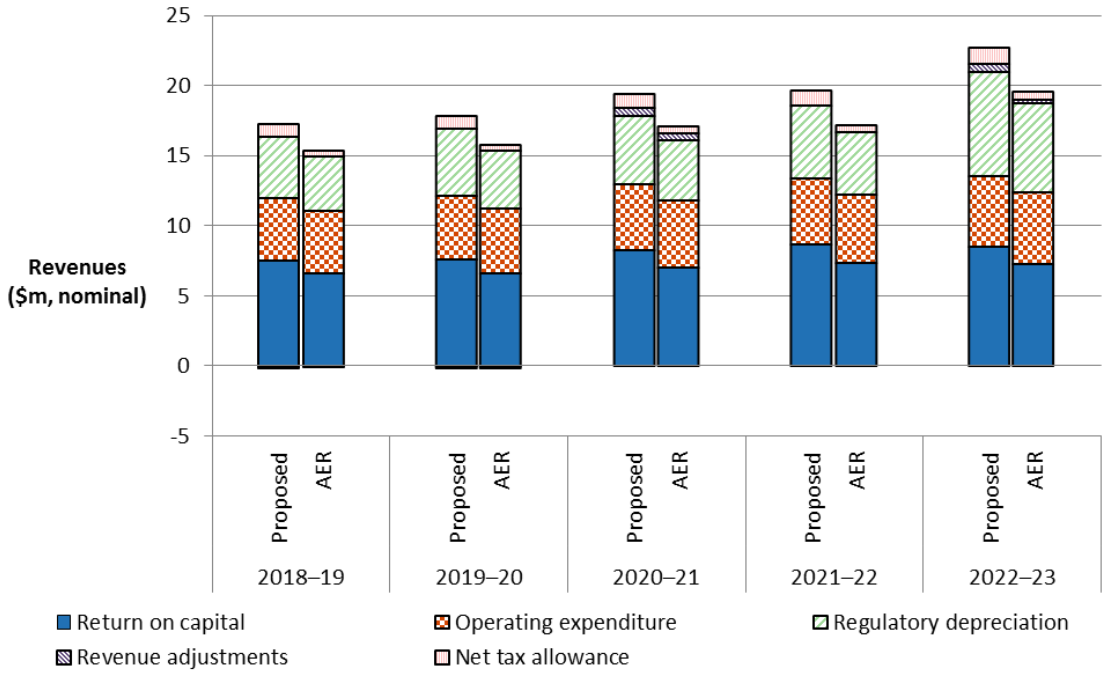
The most significant changes we made to Murraylink's proposal ($nominal) include:

- a reduction in the return on capital allowance of 14.1 per cent (attachments 2 and 3)
- a reduction in the capex allowance of 20.8 per cent (attachment 6)
- a reduction in the regulatory depreciation allowance of 13.3 per cent (attachment 5).

[21] The respective coordinating network service providers in South Australia and Victoria are ElectraNet and AEMO.

[22] NER, cl. 6A.24.1(d).

Figure 1.1 AER's draft decision and Murraylink's proposed annual building block revenue requirement ($million, nominal)



Source: AER analysis.

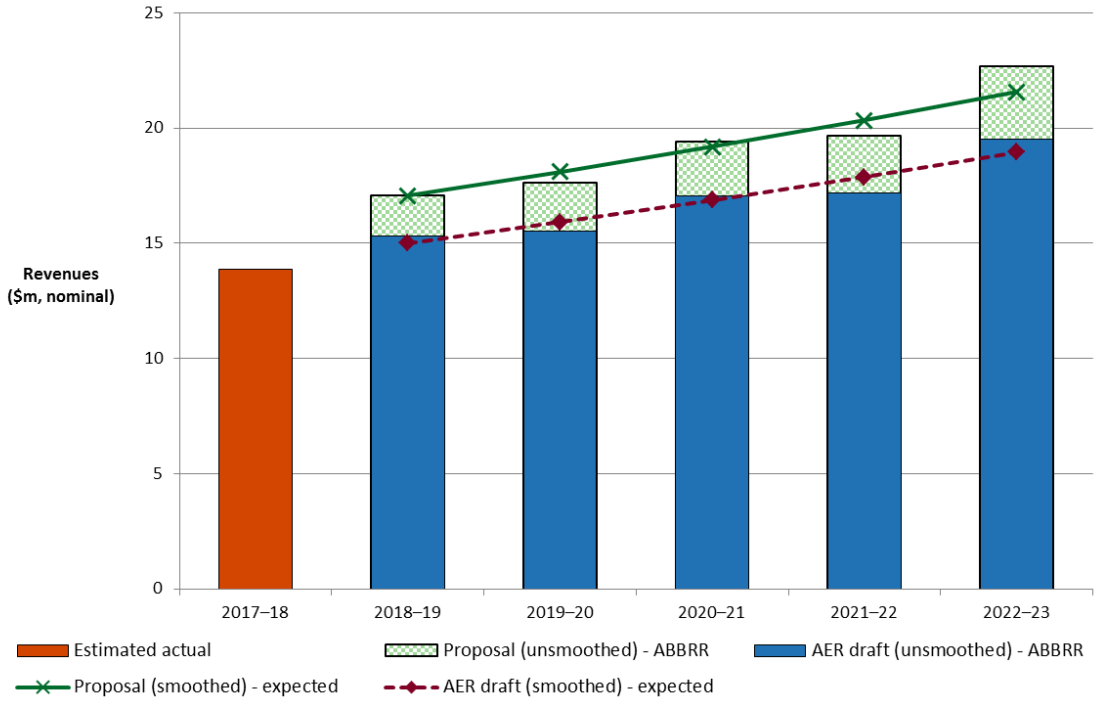
1.4.1 X factor, annual expected MAR and estimated total revenue cap

For this draft decision, we determine an X factor for Murraylink of –3.43 per cent per annum for the four years of the regulatory control period from 2019–20 to 2022–23.[23] The NPV of the annual building block revenue requirement is $71.3 million ($nominal) as at 1 July 2018. Based on this NPV and applying the CPI–X method, we determine that the annual expected MAR (smoothed) for Murraylink is $15.0 million in 2018–19, increasing to $19.0 million in 2022–23 ($nominal). The resulting estimated total revenue cap for Murraylink is $84.6 million for the 2018–23 regulatory control period.

Figure 1.2 shows our draft decision on Murraylink's annual expected MAR (smoothed revenue) and the annual building block revenue requirement (unsmoothed revenue) for the 2018–23 regulatory control period.

[23] Murraylink is not required to apply an X factor for 2018–19 because we set the 2018–19 MAR in this decision.

Figure 1.2 AER's draft decision on Murraylink's revenue for the 2018–23 regulatory control period ($million, nominal)



Source: AER analysis.

Note: Annual building block revenue requirement (ABBRR).

To determine the expected MAR for Murraylink, we set the MAR for the first regulatory year at $15.0 million ($nominal) which is $0.3 million lower than the annual building block revenue requirement. We then apply an expected inflation rate of 2.5 per cent per annum and an X factor of –3.43 per cent per annum to determine the expected MAR in subsequent years.[24] We consider that our profile of X factors results in an expected MAR in the last year of the regulatory control period that is as close as reasonably possible to the annual building block revenue requirement for that year.[25]

Our draft decision results in an average increase of 6.5 per cent per annum ($nominal) in the expected MAR over the 2018–23 regulatory control period.[26] This consists of an initial increase of 8.3 per cent from 2017–18 to 2018–19, followed by average annual increases of 6.0 per cent during the remainder of the 2018–23 regulatory control

[24] NER, cl. 6A.5.3(c)(3).

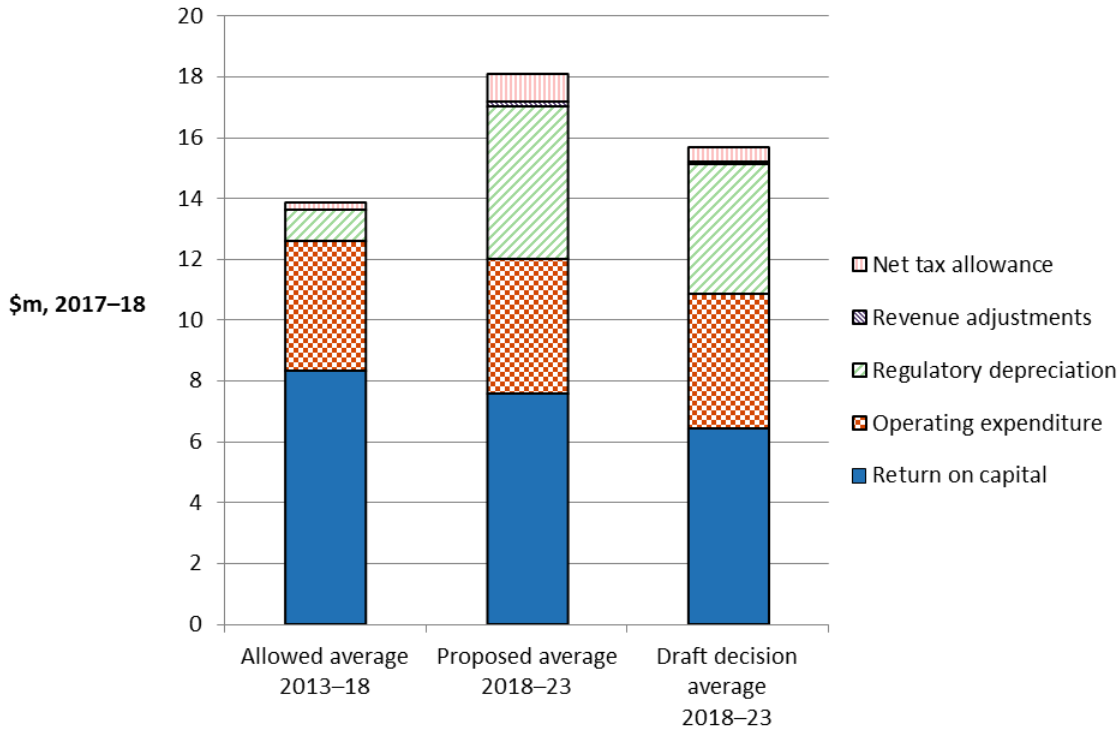
[25] NER, cl. 6A.6.8(c)(2). We consider a divergence of up to 3 per cent between the expected MAR and annual building block revenue requirement for the last year of the regulatory control period is appropriate, if this can achieve smoother price changes for users over the regulatory control period. In the present circumstances, based on the X factors we have determined for Murraylink, this divergence is around 2.9 per cent.

[26] In real 2017–18 dollar terms, the average increase in our approved expected MAR for Murraylink is 3.9 per cent per annum over the 2018–23 regulatory control period.

period.[27] Our draft decision also results in an increase of 12.5 per cent in real terms ($2017–18) to Murraylink's average annual allowed revenue relative to that in the 2013–18 regulatory control period. This is primarily because we have determined a higher regulatory depreciation, partially offset by a lower rate of return in this draft decision for the 2018–23 regulatory control period than those approved in the 2013–18 determination (as shown in Figure 1.3).

Figure 1.3 compares our draft decision building blocks for Murraylink's 2018–23 regulatory control period with Murraylink's proposed revenue requirement for the same period, and the approved revenue for the 2013–18 regulatory control period.

Figure 1.3 Annual average of revenue by building block components ($million, 2017–18)



Source: AER analysis.

1.4.2 Shared assets

Service providers, such as Murraylink, may use assets to provide both prescribed transmission services we regulate and unregulated services. These assets are called 'shared assets'.[28] If the revenue from shared assets is material, ten per cent of the

[27] In real 2017–18 dollar terms, this consists of an initial increase of 5.7 per cent from 2017–18 to 2018–19, followed by subsequent average annual increases of 3.43 per cent during the remainder of the 2018–23 regulatory control period.

[28] NER, cl. 6A.5.5.

unregulated revenues that a service provider earns from shared assets will be used to reduce the service provider's revenue for prescribed transmission services.[29]

Murraylink does not have any shared assets. We accept that Murraylink does not provide any unregulated services and hence does not earn unregulated revenue.

1.4.3 Indicative transmission charges and impact on electricity bills

Our draft decision on Murraylink's expected MAR ultimately has some effects on the annual electricity bills paid by customers in South Australia and Victoria. Murraylink is a small component of the broader transmission networks that serves South Australia and Victoria. The South Australian portion of Murraylink's annual expected MAR is 45 per cent.[30] ElectraNet is the main transmission network service provider for South Australia. We are currently assessing its revenue proposal for the 2018–23 regulatory control period, which coincides with Murraylink's period.[31]

We will therefore provide an estimate of the combined effect of the draft decisions for the ElectraNet and Murraylink transmission determinations on forecast average transmission charges in South Australia over the 2018–23 regulatory control period.[32] This will be included in our draft decision for ElectraNet which is expected to be published at the end of October 2017.

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29 AER, *Shared asset guideline*, November 2013, p. 15.

30 ElectraNet, as coordinating network service provider for South Australia, takes the portion of Murraylink's expected MAR for developing the applicable transmission charges to apply to customers; Murraylink, *Revenue proposal 2018–23—Attachment 12.1—Pricing Methodology*, January 2017, pp. 5 and 6.

31 AusNet Services is the main transmission network service provider for Victoria. Its transmission determination for the 2017–22 regulatory control period was completed earlier in April 2017 and does not align with Murraylink's period. As a result, the bill impacts for Victorian customers in AusNet Services' transmission determination do not incorporate this draft decision for Murraylink.

32 Murraylink's annual revenue in 2017–18 is about 2 per cent of ElectraNet's annual revenue.