

 FINAL DECISION

Powercor distribution determination

 2016 to 2020

Attachment 2 – Regulatory asset base

May 2016

© Commonwealth of Australia 2016

This work is copyright. In addition to any use permitted under the Copyright Act 1968, all material contained within this work is provided under a Creative Commons Attributions 3.0 Australia licence, with the exception of:

* the Commonwealth Coat of Arms
* the ACCC and AER logos
* any illustration, diagram, photograph or graphic over which the Australian Competition and Consumer Commission does not hold copyright, but which may be part of or contained within this publication. The details of the relevant licence conditions are available on the Creative Commons website, as is the full legal code for the CC BY 3.0 AU licence.

Requests and inquiries concerning reproduction and rights should be addressed to the:

Director, Corporate Communications
Australian Competition and Consumer Commission
GPO Box 4141, Canberra ACT 2601

or publishing.unit@accc.gov.au.

Inquiries about this publication should be addressed to:

Australian Energy Regulator
GPO Box 520
Melbourne Vic 3001

Tel: (03) 9290 1444
Fax: (03) 9290 1457

Email: AERInquiry@aer.gov.au

1. Note
2. This attachment forms part of the AER's final decision on Powercor's distribution determination for 2016–20. It should be read with all other parts of the final decision.
3. The final decision includes the following documents:
4. Overview
5. Attachment 1 – Annual revenue requirement
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 – Demand management incentive scheme
17. Attachment 13 – Classification of services
18. Attachment 14 – Control mechanisms
19. Attachment 15 – Pass through events
20. Attachment 16 – Alternative control services
21. Attachment 17 – Negotiated services framework and criteria
22. Attachment 18 – f-factor scheme

1. Contents

[Note 2-2](#_Toc451284537)

[Contents 2-3](#_Toc451284538)

[Shortened forms 2-4](#_Toc451284539)

[2 Regulatory asset base 2-6](#_Toc451284540)

[2.1 Final decision 2-6](#_Toc451284541)

[2.2 Powercor's revised proposal 2-7](#_Toc451284542)

[2.3 Assessment approach 2-9](#_Toc451284543)

[2.4 Reasons for final decision 2-9](#_Toc451284544)

[2.4.1 Opening RAB as at 1 January 2016 2-9](#_Toc451284545)

[2.4.2 Forecast closing RAB as at 31 December 2020 2-12](#_Toc451284546)

[2.4.3 Application of depreciation approach in RAB roll forward for next reset 2-13](#_Toc451284547)

1. Shortened forms

| Shortened form | Extended form |
| --- | --- |
| AEMC | Australian Energy Market Commission |
| AEMO | Australian Energy Market Operator |
| AER | Australian Energy Regulator |
| AMI | Advanced metering infrastructure |
| augex | augmentation expenditure |
| capex | capital expenditure |
| CCP | Consumer Challenge Panel |
| CESS | capital expenditure sharing scheme |
| CPI | consumer price index |
| DRP | debt risk premium |
| DMIA | demand management innovation allowance |
| DMIS | demand management incentive scheme |
| distributor | distribution network service provider |
| DUoS | distribution use of system |
| EBSS | efficiency benefit sharing scheme |
| ERP | equity risk premium |
| Expenditure Assessment Guideline | Expenditure Forecast Assessment Guideline for Electricity Distribution |
| F&A | framework and approach |
| MRP | market risk premium |
| NEL | national electricity law |
| NEM | national electricity market |
| NEO | national electricity objective |
| NER | national electricity rules |
| NSP | network service provider |
| 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 |
| RPP | revenue and pricing principles |
| SAIDI | system average interruption duration index |
| SAIFI | system average interruption frequency index |
| SLCAPM | Sharpe-Lintner capital asset pricing model |
| STPIS | service target performance incentive scheme |
| WACC | weighted average cost of capital |

# Regulatory asset base

We are required to make a decision on Powercor's opening regulatory asset base (RAB) as at 1 January 2016.[[1]](#footnote-1) We use the RAB at the start of each regulatory year to determine the return of capital (regulatory depreciation) and return on capital building block allowances. This attachment presents our final decision on the opening RAB value as at 1 January 2016 for Powercor and roll forward of the forecast RAB over the 2016–20 regulatory control period.

## Final decision

We do not accept Powercor's revised proposed opening RAB value of $3357.6 million ($ nominal). Instead, we determine an opening RAB value of $3307.0 million ($ nominal) as at 1 January 2016. This is a decrease of $50.6 million (or 1.5 per cent) compared to Powercor's revised proposed opening RAB value. In coming to this decision:

* We accept Powercor's revised proposed approach to RAB indexation using annual actual (one-year lagged) inflation inputs.
* We updated the 2015 capex estimate with a more recent estimate provided by Powercor.

Table 2.1 sets out our final decision on the roll forward of the RAB values for the 2011–15 regulatory control period.

We determine a forecast closing RAB value at 31 December 2020 of $4519.3 million ($ nominal). This is $270.4 million (or 5.6 per cent) lower than the amount of $4789.6 million ($ nominal) in Powercor's revised proposal. Our final decision on the forecast closing RAB reflects the amended opening RAB as at 1 January 2016, and our final decisions on the expected inflation rate (attachment 3), forecast capex (attachment 6) and forecast regulatory depreciation (attachment 5).

Our final decision also maintains our preliminary decision position on the use of forecast depreciation for establishing the RAB at the commencement of the regulatory control period from 1 January 2021.[[2]](#footnote-2) Powercor's revised proposal adopted our preliminary decision on this issue.[[3]](#footnote-3)

Table 2.2 sets out our final decision on the forecast RAB values for Powercor over the 2016–20 regulatory control period.

Table 2.1 AER's final decision on Powercor's RAB for the 2011–15 regulatory control period ($ million, nominal)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|   | 2011 | 2012 | 2013 | 2014 | 2015a |
| Opening RAB | 2212.8 | 2397.9 | 2621.0 | 2832.6 | 3086.1 |
| Capital expenditureb | 242.7 | 270.9 | 302.1 | 347.8 | 325.1 |
| Inflation indexation on opening RAB | 61.7 | 84.4 | 52.5 | 61.2 | 71.2 |
| Less: straight-line depreciation | 119.3 | 132.2 | 143.1 | 155.5 | 171.6 |
| Closing RAB | 2397.9 | 2621.0 | 2832.6 | 3086.1 | 3310.8 |
| Difference between estimated and actual 2010 capex (1 January 2010 to 31 December 2010) |   |   |   |   | –18.7 |
| Return on difference for 2010 capex |   |   |   |   | –10.7 |
| Six months CPI adjustment |  |  |  |  | 25.5 |
| **Closing RAB as at 31 December 2015** |  |  |  |  | **3307.0** |

Source: AER analysis.

(a) Based on estimated capex.

(b) Net of disposals and capital contributions, and adjusted for CPI.

Table 2.2 AER's final decision on Powercor's RAB for the 2016–20 regulatory control period ($ million, nominal)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|   | 2016 | 2017 | 2018 | 2019 | 2020 |
| Opening RAB | 3307.0 | 3558.5 | 3819.1 | 4048.9 | 4283.8 |
| Capital expenditurea | 361.9 | 359.8 | 338.0 | 353.3 | 357.9 |
| Inflation indexation on opening RAB | 76.8 | 82.7 | 88.7 | 94.1 | 99.5 |
| Less: straight-line depreciation | 187.2 | 181.9 | 196.9 | 212.4 | 222.0 |
| **Closing RAB** | **3558.5** | **3819.1** | **4048.9** | **4283.8** | **4519.3** |

Source: AER analysis.

(a) Net of disposals and capital contributions. Inclusive of equity raising costs and the half-WACC to account for the timing assumptions in the PTRM.

## Powercor's revised proposal

Powercor's revised proposal used our RFM to establish an opening RAB as at 1 January 2016 and our PTRM to roll forward the RAB over the 2016–20 regulatory control period. Its revised proposal submitted an opening RAB value as at 1 January 2016 of $3357.6 million ($ nominal).[[4]](#footnote-4) It adopted the preliminary decision's:[[5]](#footnote-5)

* amendment to the allowed equity raising costs value
* approach to calculating the required 6-month indexation adjustment to the RAB.

However, it did not adopt the preliminary decision approach to indexing the RAB for actual inflation. Powercor's revised proposal applies a one-year lagged actual inflation rate across all components of the RAB roll forward.[[6]](#footnote-6)

Table 2.3 presents Powercor's revised proposed roll forward of its RAB during the 2011–15 regulatory control period.

Table 2. Powercor's revised proposed RAB for the 2011–15 regulatory control period ($million, nominal)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|   | 2011 | 2012 | 2013 | 2014 | 2015a |
| Opening RAB | 2212.8 | 2397.9 | 2621.0 | 2832.6 | 3086.1 |
| Capital expenditureb | 242.7 | 270.9 | 302.1 | 347.8 | 375.7 |
| Inflation indexation on opening RAB | 61.7 | 84.4 | 52.5 | 61.2 | 71.2 |
| Less: straight-line depreciation | 119.3 | 132.2 | 143.1 | 155.5 | 171.6 |
| Closing RAB | 2397.9 | 2621.0 | 2832.6 | 3086.1 | 3361.4 |
| Difference between estimated and actual 2010 capex (1 January 2010 to 31 December 2010) |   |   |   |   | –18.7 |
| Return on difference for 2010 capex |   |   |   |   | –10.7 |
| Six month CPI adjustment |  |  |  |  | 25.5 |
| **Closing RAB as at 31 December 2015** |  |  |  |  | **3357.6** |

Source: Powercor, Revised regulatory proposal, Roll forward model, January 2016.

(a) Based on estimated capex.

(b) Net of disposals and capital contributions, and adjusted for CPI.

Powercor proposed a revised closing forecast RAB as at 31 December 2020 of $4789.6 million ($ nominal). This value reflects its revised proposed opening RAB at 1 January 2016, forecast capex (inclusive of some asset reallocation between asset classes),[[7]](#footnote-7) expected inflation, and depreciation (based on forecast capex) over the 2016–20 regulatory control period. Its projected RAB over the 2016–20 regulatory control period is shown in Table 2.4.

Table 2. Powercor's revised proposed RAB for the 2016–20 regulatory control period ($million, nominal)

|   | 2016 | 2017 | 2018 | 2019 | 2020 |
| --- | --- | --- | --- | --- | --- |
| Opening RAB | 3357.6 | 3637.6 | 3937.2 | 4224.4 | 4505.0 |
| Capital expenditurea | 382.9 | 391.7 | 388.9 | 393.3 | 402.1 |
| Inflation indexation on opening RAB | 83.9 | 90.9 | 98.4 | 105.6 | 112.6 |
| Less: straight-line depreciation | 186.9 | 183.1 | 200.1 | 218.3 | 230.0 |
| **Closing RAB** | **3637.6** | **3937.2** | **4224.4** | **4505.0** | **4789.6** |

Source: Powercor, Revised regulatory proposal, Post-tax revenue model, January 2016.

(a) Net of disposals and capital contributions. Inclusive of equity raising costs and the half-WACC to account for the timing assumptions in the PTRM.

## Assessment approach

Many aspects of our assessment approach for the RAB from our preliminary decision remain unchanged. Section 2.3 of our preliminary decision details the general approach. [[8]](#footnote-8) However, we have accepted a change to the approach for indexation of the opening RAB for Powercor. Section 2.4.1 discusses this change as it affects Powercor.

## Reasons for final decision

We determine an opening RAB value for Powercor of $3307.0 million ($ nominal) as at 1 January 2016, a decrease of $50.6 million ($ nominal) or 1.5 per cent from the revised proposed value. This difference is due to our update of the 2015 inputs in the RAB roll forward for a revised estimate of capex.

Based on the approved opening RAB we forecast a closing RAB value of $4519.3 million by 31 December 2020. This represents a reduction of $270.4 million, or 5.6 per cent compared to the revised proposal. The reasons for our decision are discussed below.

### Opening RAB as at 1 January 2016

We determine Powercor's opening RAB value as at 1 January 2016 to be $3307.0 million ($ nominal). This amount is $50.6 million (or 1.5 per cent) lower than Powercor's value of $3357.6 million in its revised proposal. Our final decision on Powercor's opening RAB as at 1 January 2016 reflects:

* updated 2015 capex estimate using revised estimates provided by Powercor
* a change in approach from the preliminary decision to the indexation of the RAB for actual inflation. Our final decision is to accept the approach in Powercor's revised proposal.

In the preliminary decision, we made certain amendments to Powercor's proposed roll forward of its RAB over the 2011–15 regulatory control period which Powercor adopted in its revised proposal. These amendments included:

* amending the proposed approach to the 6-month indexation adjustment required in the RAB
* adjusting allowed equity raising costs to the correct dollar terms.

We also noted the roll forward of Powercor's RAB included an estimated capex value for 2015, because actual capex was not yet available.[[9]](#footnote-9) We stated we would update the 2015 estimated capex value for the final decision.

Powercor's revised proposal did not adopt the preliminary decision approach to indexing the RAB for actual inflation.

These two issues are discussed in turn below.

We are required to consider the extent to which our roll forward of the RAB to 1 January 2016 contributes to the achievement of the capital expenditure incentive objective.[[10]](#footnote-10) We note that under the transitional rules, in making this distribution determination we do not have the power to determine whether past capex should be excluded for inefficiency reasons.[[11]](#footnote-11) Therefore, for the purposes of this final decision, we have included Powercor's actual or estimated capex in the 2011–15 regulatory control period when rolling forward the RAB to 1 January 2016. In future determinations, the NER allow us to review a service provider's past capex and exclude inefficient past capex from being rolled into the RAB.[[12]](#footnote-12) Our RAB roll forward applies the incentive framework approved in the previous distribution determination, which included the use of an actual depreciation approach.[[13]](#footnote-13) As such, we consider that it contributes to an opening RAB that includes capex that reflects prudent and efficient costs, in accordance with the capital expenditure criteria.[[14]](#footnote-14)

Indexing the RAB for actual inflation inputs

Our final decision is to accept Powercor's revised proposed approach to RAB indexation, known as the 'all-lagged' approach. Under this approach, a one-year lagged inflation series is used to index all components of the RAB roll forward.[[15]](#footnote-15) This is a departure from our preliminary decision, which used our standard 'partially-lagged' approach.[[16]](#footnote-16)

We have had regard to the indexation approach used in previous Victorian distribution determinations, where the Essential Services Commission (ESC) applied the all-lagged approach prior to 2010.[[17]](#footnote-17) Each of the five Victorian service providers, including Powercor, submitted that we should apply the same unbroken inflation series to preserve the real value of its assets.[[18]](#footnote-18) We agree that this consistency is desirable. To this end, the Victorian service providers' historical indexation differs from the standard approach applied to other non-Victorian networks in previous determinations.

More broadly, Powercor also submitted a number of reasons why the all-lagged approach should be used, regardless of the previous approach to indexation.[[19]](#footnote-19) We have reviewed this material together with the submissions on this common issue from the four other Victorian service providers.[[20]](#footnote-20) While we agree with elements of this reasoning, there are several areas where we disagree or where the available evidence is inconclusive. Our views have been informed by consideration of this issue in our recent update of the RFM template for transmission service providers.[[21]](#footnote-21) In that update, we decided to maintain applying the partially-lagged approach for indexation. However, the Victorian service providers have raised several new issues that were not before us at that time.

These conceptual issues relating to indexation in the RAB roll forward are relevant for all distribution service providers, not just Powercor or the Victorian service providers as a group. We expect to commence a formal update of the AER's standard RFM template for distribution networks later this year.[[22]](#footnote-22) That process will allow us to further evaluate the strengths and weaknesses of both indexation approaches (and any other alternatives). It will also allow affected stakeholders, including other service providers and consumers, to comment.[[23]](#footnote-23)

Our decision to accept Powercor's revised proposed approach, therefore, reflects the specific history of the Victorian service providers and the current mixed state of evidence for the partially-lagged and all-lagged indexation approaches.[[24]](#footnote-24) As part of this, we accept the RFM implementation in Powercor's revised proposal, where the inflation inputs are lagged by one year and formulae in the RFM are adjusted so that this one-year lag then flows through to the inflation index construction.[[25]](#footnote-25)

Update to 2015 estimated capex

Powercor's revised proposal did not include an update for 2015 estimated capex; however, a revised estimate was provided following an information request.[[26]](#footnote-26) We accept Powercor's revision to the net capex estimate for 2015 of $311.1 million ($ nominal).[[27]](#footnote-27) This amount is lower than in the revised proposal and reflects more up-to-date data, and therefore is the best forecast available. We note that the financial impact of any difference between actual and estimated capex for 2015 will be accounted for at the next reset.[[28]](#footnote-28)

### Forecast closing RAB as at 31 December 2020

We forecast a closing RAB value of $4519.3 million by 31 December 2020 for Powercor. This represents a reduction of $270.4 million, or 5.6 per cent to Powercor's revised proposal. This reduction reflects our final decision on the required inputs for determining the forecast RAB in the PTRM. To determine the forecast RAB value, we have amended the PTRM inputs as a result of the following changes:

* We reduced Powercor's revised proposed opening RAB as at 1 January 2016 by $50.6 million or 1.5 per cent (section 2.4.1).
* We reduced Powercor's revised proposed forecast capex for the 2016–20 regulatory control period by $187.9 million ($ 2015) or 9.6 per cent (attachment 6).[[29]](#footnote-29)
* We reduced Powercor's revised proposed expected inflation rate from 2.50 per cent to 2.32 per cent (attachment 3). This results in a decrease to the indexation of the RAB component for the 2015–20 regulatory control period by $49.8 million ($ nominal) or 10.1 per cent.
* We reduced Powercor's revised proposed forecast straight-line depreciation for the 2016–20 regulatory control period by $17.9 million ($ nominal) or 1.8 per cent (attachment 5).

### Application of depreciation approach in RAB roll forward for next reset

Our final decision accepts Powercor's revised proposal to roll forward its RAB for the commencement of the 2021–25 regulatory control period using depreciation based on forecast capex (updated for actual inflation).[[30]](#footnote-30) This approach is consistent with our preliminary decision, Powercor's initial proposal and the framework and approach.[[31]](#footnote-31)

1. NER, cl. 6.12.1(6). [↑](#footnote-ref-1)
2. NER, cl. 6.12.1(18). [↑](#footnote-ref-2)
3. Powercor, Revised regulatory proposal, January 2016, p. 245. [↑](#footnote-ref-3)
4. Powercor, Revised regulatory proposal, January 2016, p. 243. [↑](#footnote-ref-4)
5. Powercor, Revised regulatory proposal, January 2016, p. 246. [↑](#footnote-ref-5)
6. Powercor, Revised regulatory proposal, January 2016, p. 251. [↑](#footnote-ref-6)
7. The asset reallocation is related to the movement of some assets out of the 'Victorian Bushfire Royal Commission' asset class to the 'Distribution System Assets' asset class and 'SCADA/Network control' asset classes. We consider this issue in attachment 5 of this final decision. [↑](#footnote-ref-7)
8. AER, Preliminary decision, Powercor determination 2016 to 2020: Attachment 2 – Regulatory asset base, October 2015, pp. 9–11. [↑](#footnote-ref-8)
9. NER, cl S6.2.1(e)(2). [↑](#footnote-ref-9)
10. NER, cl. 6.12.2(b). [↑](#footnote-ref-10)
11. NER, cl. 11.60.5. [↑](#footnote-ref-11)
12. Here, 'inefficient' past capex refers to three specific assessments (labelled the overspending, margin and capitalisation requirements) detailed in NER, cl. S6.2.2A. The details of our assessment approach for inefficient capex are set out in AER, Capital expenditure incentive guideline, November 2013, pp. 12–20. [↑](#footnote-ref-12)
13. See AER, Final decision, Victorian electricity distribution network service providers, Distribution determination 2011–15, October 2010, pp. 459–462. [↑](#footnote-ref-13)
14. NER, cll. 6.5.7(a) and (c). [↑](#footnote-ref-14)
15. Although we describe this as one-year lag (as does Powercor), the series is lagged by one year and three months. The additional three months reflects a practical delay to allow for the publication of CPI data and implementation in the annual pricing approval process. This additional three month delay is accepted by both parties and not considered contentious. [↑](#footnote-ref-15)
16. Under the partially lagged approach, two aspects of the RFM indexation use a one-year lagged inflation series (straight line depreciation and new capex), but one aspect uses the actual (non-lagged) inflation outcomes (opening RAB). Note that, as per the previous footnote, the actual (non-lagged) inflation series is lagged by three months to allow for publication of CPI data and pricing implementation. [↑](#footnote-ref-16)
17. In our 2010 determination for Powercor we applied the RAB roll forward from 2006 to 2010 in accordance with the ESC approach under transitional rules. AER, Final decision, Victorian electricity distribution network service providers, Distribution determination 2011–2015, attachment 'Powercor RFM Final Decision.xls', October 2010. [↑](#footnote-ref-17)
18. Powercor, Revised regulatory proposal, 6 January 2016, pp. 250–251; AusNet Services, Revised regulatory proposal, 6 January 2016, pp. 8-7 to 8-8; CitiPower, Revised regulatory proposal, 6 January 2016, pp. 256–257; Jemena, Revised regulatory proposal, Attachment 5-4 Asset base roll-forward and depreciation, 6 January 2016, pp. 2–3; and United Energy, Revised regulatory proposal, 6 January 2016, pp. 72–73. [↑](#footnote-ref-18)
19. Powercor, Revised regulatory proposal, 6 January 2016, pp. 248–252. [↑](#footnote-ref-19)
20. AusNet Services, Revised regulatory proposal, 6 January 2016, pp. 8-6 to 8-9; CitiPower, Revised regulatory proposal, 6 January 2016, pp. 254–258; Jemena, Revised regulatory proposal, Attachment 5-4 Asset base roll-forward and depreciation, 6 January 2016, pp. 1–6; and United Energy, Revised regulatory proposal, 6 January 2016, pp. 72–73. [↑](#footnote-ref-20)
21. AER, Final decision, Amendment, Electricity transmission network service providers, Roll forward model (version 3), 23 October 2015, p. 11–12. [↑](#footnote-ref-21)
22. NER, cl. 6.5.1(b)–(d). [↑](#footnote-ref-22)
23. We note that the AER's current approach had support from service providers when the current RFM template was developed in 2008. See the submissions available online at <http://www.aer.gov.au/networks-pipelines/guidelines-schemes-models-reviews/roll-forward-model-2008/draft-decision>. [↑](#footnote-ref-23)
24. Further, it is likely that there would not be a material difference in revenue outcomes even if we were to change our final decision from all-lagged to the partially-lagged approach. This is because, when changing from one inflation series to another, we would give consideration to a transitional adjustment reflecting the impact of the change. [↑](#footnote-ref-24)
25. In contrast, Powercor's initial proposal used lagged inputs but did not adjust the formulae. This meant it applied a two-year lag to some RFM components. Powercor no longer proposes this approach. [↑](#footnote-ref-25)
26. Powercor, RE: AER information request - CitiPower #033 and Powercor #034 – 2015 estimated capex update [email to AER], 3 March 2016. [↑](#footnote-ref-26)
27. This amount is adjusted for the movement in capitalised provisions and before adjusting for the half-WACC to account for the timing assumption in the PTRM. [↑](#footnote-ref-27)
28. NER, cl. S6.2.1(e)(3). [↑](#footnote-ref-28)
29. This capex amount is inclusive of equity raising costs and after adjusting for the half-WACC to account for the timing assumption in the PTRM [↑](#footnote-ref-29)
30. Powercor, Revised regulatory proposal, January 2016, p. 238. [↑](#footnote-ref-30)
31. AER, Preliminary decision Powercor distribution determination - Attachment 2 - Regulatory asset base, October 2015, pp. 16–17; Powercor, Regulatory proposal, April 2015, p. 193; AER, Final Framework and Approach for the Victorian Electricity Distributors, October 2014, pp. 121–126. [↑](#footnote-ref-31)