AusNet Electricity Services Pty Ltd

AER Annual Regulatory Accounts

2020/2021 Regulatory Year

Basis of Preparation - Public

Basis of Preparation
2020-21 Regulatory Year

Overview

This Basis of Preparation (**BoP**) document supports the preparation and reporting of the 2020/21 Regulatory Year data presented in AusNet Electricity Services Pty Limited's (**AusNet Electricity Services** or **the Company**) reports entitled '2020/21 AusNet Electricity Services Annual RIN - Actual Information', '2020/21 AusNet Electricity Services Annual RIN - Estimated Information', '2020/21 AusNet Electricity Services Annual RIN - Consolidated Information' and ''2020/21 AusNet Electricity Services Annual RIN - Public Information' (**the Reports**).

The Reports have been prepared in accordance with the 'Regulatory Information Notice issued under Division 4 of Part 3 of the *National Electricity (Victoria) Law'* (**RIN**) issued by the Australian Energy Regulator (**AER**) on 7 November 2019 and associated variation letter dated 8 September 2021.

AusNet Electricity Services' 2020-21 Regulatory Year is the period 1 July 2020 to 30 June 2021 (**Regulatory Year**). Data included in the Reports has been provided for the 2020-21 Regulatory Year. All financial data is presented in whole Australian dollars, unless otherwise stated in the template. Non-financial data is stated as per the measures specified in the Reports. The ultimate Australian parent entity of the Company is AusNet Services Limited.

The AusNet Services' Group (**The Group)** owns and operates 3 regulated networks – an electricity distribution network, a gas distribution network and an electricity transmission network, as well as unregulated businesses. Employees of The Group work across the 3 regulated networks and there are shared costs, overheads and other corporate costs that cannot be directly allocated to a particular network or other business units. These costs are proportioned amongst the Group's 3 regulated networks, as well as the unregulated businesses in accordance with the AusNet Services' Cost Allocation Methodology (**CAM**).

Materiality has been applied throughout the Reports and Basis of Preparation. Materiality is defined as information that if omitted, misstated or not disclosed has the potential, individually or collectively to influence the economic decisions of users.

In conformity with AER requirements, the preparation of the Reports requires the use of certain critical management estimates. For the purpose of preparing the Reports, 'Estimated Information' is defined as information presented in the Reports whose presentation is not materially dependent on information recorded in accounting records or other records used in the normal course of business, and whose presentation for the purpose of the RIN is contingent on judgments and assumptions for which there are valid alternatives, which could lead to a materially different presentation in the Reports.

Where Estimated Information has been presented, the circumstances and the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is AusNet Electricity Services' best estimate has also been set out below. Estimates are Management's best estimate based on the data available. Estimates will often not equal the related actual results and estimates have only been made for the purpose of disclosing the information required under the RIN. Considerations of the cost and efficiency of preparation as well as the reliability and accuracy of data available have been considered in determining the best methodology to determine the estimates.

'Actual Information' is defined as information materially 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, which could lead to a materially different presentation. Any information or allocation which has been calculated via the indirect cost allocation process is considered Actual Information, as this is in accordance with the AER approved CAM.

The Reports require revenues and expenditure to be allocated between Standard Control Services and Alternative Control Services - as defined in the 2016-2020 Electricity Distribution Determination (**Distribution Determination**) and which continued for the 1 January 2021 to 30 June 2021 (**Stub period**). AusNet Electricity Services classified its distribution services as determined in the 2016-20 Distribution Determination, rather than the 2022-2026 Determination. This is based on the AER's feedback item #34 in its September 2021 Issues Register. Item #34 states "We note the data for the 2019, 2020, 2021 years including the transitional period (1 January 2021 to 30 June 2021) is collected for the purposes of the AER publishing reports relating to the financial or operational performance of the DNSP. This is set out in sub-section (b) in the 'Matters subject to this notice' section."

To determine the CPI Adjusted Forecast values, AusNet Electricity Services calculated 50% of the forecast expenditure per the 2016-2020 Electricity Distribution Determination for the period 1 July 2020 to 31 Dec 2020 and added the forecast values approved by the AER for the Stub period. These values were deflated by removing the impact of the AER forecast inflation and re-inflated by CPI to be in equivalent dollar terms to the actual expenditure for the Regulatory Year. In certain cases, expenditure in the Distribution Determination and Stub period were forecast at the total level and not in the various categories required to be disclosed in the Regulatory Accounts. In these circumstances only the total forecast expenditure is shown.

Amounts reported as 'Audited Statutory Accounts' are sourced from the AusNet Electricity Services Pty Limited's trial balance which reconcile in aggregate to the audited Financial Statements (**SPFR**). The Financial Statements have been prepared to assist the Directors of the AusNet Electricity Services Pty Limited to meet the requirements of the AER. To the extent applicable, the information reported has been prepared in a manner consistent with the policies and methodologies applied in preparing the Annual Regulatory Accounts. There were no changes in Accounting Policies during the Regulatory Year that had a material impact on the information presented. During 2020/21 AusNet Services implemented an accounting change in relation to software as a service. This change did not have a material impact on the data presented.

The preparation methodologies and information sources adopted in the preparation of the Reports are set out below.

Basis of Preparation
2020-21 Regulatory Year

Contents

3.6 Quality of Services

3.6.5 - Quality of Supply Metrics

Over voltage events

Preparation Methodology:

AusNet's Customer Energy and Operational Team **(CEOT)** receive a notification that a HV feeder has tripped, or a customer call is received. The customer will describe a situation for example that they have no power to their appliances, or the appliance blew up or their switchboard is on fire.

The CEOT will dispatch a line crew together with a licenced electrical inspector to site to investigate the cause of the incident and repair the damage to the network. If the incident cause is confirmed to be because of High Voltage Injection (**HVI**) the CEOT will raise an investigation event the Enablon system. Enablon has functionality to assign the incident to a responsible investigator for completion. The Enablon system records various information about the HVI incident. Once the investigation is completed the Enablon investigation is returned to the Network Incident Technical Officer closure/approval. Energy Safe Victoria (**ESV**) is also notified of the HVI and an ESV report completed.

A report is written to extract the data from the Enablon system to enable the reporting of the information required by the RIN. Below is an extract of the selection criteria from the Enablon system.
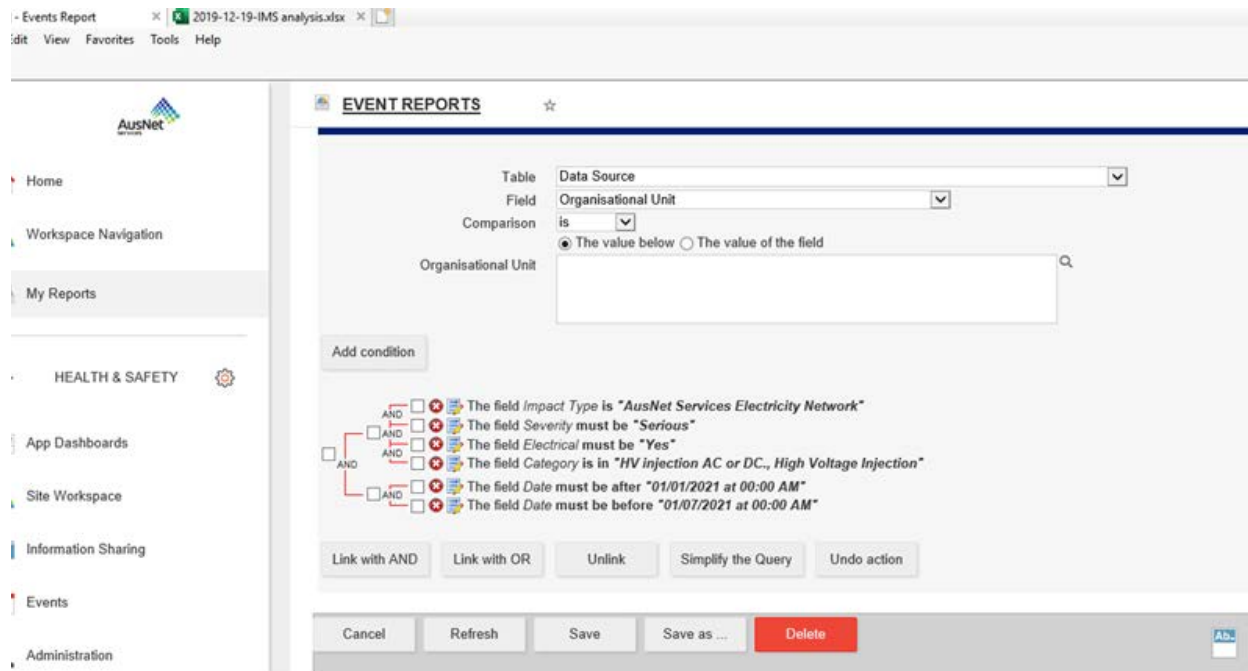
A Subject Matter Expert (**SME**) sourced additional information from the Company's Fusion system which provides customer information affected by over voltages due to high voltage injection.

Basis of Preparation
2020-21 Regulatory Year

<u>Estimated Information:</u>

All information reported is Actual Information. No estimates were required.

Table 3.6.5 Quality of supply

Voltage variations

This data was sourced from the Power Quality (**PQ**) data warehouse via the user interface (**UI**) of the Power Monitoring Expert (**PME**) software. PQ data from field devices (i.e., ION 7650, EDMI MK6) that monitors voltage sags and swells (variations) are uploaded into the data warehouse on a regular basis and made available to users via PME or backend data request to PME Support.

<u>Preparation Methodology:</u>

- Login to PME software using admin-issued credentials.
- Go to "REPORTS" menu located at the upper right corner of the UI page.
- Under the Power Quality folder, select "PQ Regulatory Report".
  - In the Reporting Period drop down list, select "Fixed Date…" and enter the start and end date/time for the report.
  - Accept all default settings as shown the UI screenshot below.

  - Click on Generate Report.

  - Perform sanity checks to ensure no data issues in the generated report. Consult network planners if necessary.

Basis of Preparation

2020-21 Regulatory Year

Notes:

It has been observed that some REFCL stations registered excessive number of voltage variation events. Preliminary investigations suggest that these events were likely caused by voltage stress testing as part of REFCL project works. Further investigations are required to confirm the cause and to identify corrective actions. Given that there are no recorded customer complaints from these abnormal events likely linked to testing, some REFCL station events were selectively excluded based on best subject matter expert (SME) judgement.

Estimated Information:

The exclusion of some events from REFCL stations as described above means the reported values are estimated based on available system data.

Table 3.6.6 Complaints - Technical Quality of Supply

Preparation Methodology:

Complaint data was stored within AusNet Electricity Services' system ServiceNow. To report against the categories in Table 3.6.6.2, complaints were exported to a spreadsheet and grouped into categories using keyword searches on the complaint's data fields. Further analysis was conducted on the subset of complaints within the category 'Technical Quality of Supply'. AusNet Electricity Services note in the preparation that incidence of keywords including 'dips', 'swell' impulsive transient', 'spike, 'waveform' and 'distortion' was not observed. Keyword 'noise' was located, however with further analysis it as determined the souse of noise was not from an appliance. Where complaints could not reasonably be placed into another category, they have been reported as 'Other'

Complaint data was stored within AusNet Electricity Services' system ServiceNow. To report against the categories in Table 3.6.6.3, complaints were exported to a spreadsheet and grouped into categories using keyword searches on the complaint's data fields. A subject matter expert familiar with complaint handling and reporting has estimated these based on their general understanding of likely causes for complaints received overall, and their familiarity with the reported dataset.

Estimated information:

'Complaints by likely cause' and the complaint categories are estimated. This estimation is based on a combination of analysis of individual complaints on a case-by-case basis and the judgment of the Customer Resolutions Team Leader (judgment is applied to allocate complaints into the categories required).

Table 3.6.7 Customer Service

Timely Provision of Services

Preparation Methodology:

New connections data was sourced from SAP. New connections are defined as those connections comprising a brand-new meter and connection of supply. This does not include re-energisations. There are two standard reports which form the basis of the reporting:

- a Service Order Report, which is generated for a selected order status (i.e., 'completed') and period (regulatory year 2021); and

Basis of Preparation

- a Running Operations Report, which is generated to identify service orders that have not been completed by the appointment date.

The data reported was the output of these reports.

AusNet Electricity Services procedure document 'New Connections Reporting' (Work Instruction ID 8.1.4.01) contains detailed instructions for these operations.

Estimated Information:

All information reported is Actual Information. No estimates were required.

Timely repair of faulty streetlights

Streetlights - average monthly number of streetlights "out"

This data is calculated by dividing the total number of streetlight faults (Template 6.9 STPIS GSL) by 12.

Streetlights – not repaired by "fix by" date.

This metric has been reported as zero. AusNet Electricity Services rarely contacts customers to obtain an agreed date for streetlight repair.

Streetlights - average number of days to repair.

This is determined by filtering the 'Trouble Symptom' column in the Fusion Distribution and Outage Management System (**DOMS**) report for all faults except 'Found by Light patrol' and 'Watchman lights'. The total of the number all days to fix these faults is divided by the total number of the same faults.

Total streetlights

This is the same data provided in Template 6.9 STPIS GSL.

Estimated Information:

All information reported is Actual Information. No estimates were required.

Call Centre Performance

Due to the impact COVID on working arrangements, a remote working system was created and utilised. The system is known as ipScape and recreated existing reports used in the RIN templates.

Preparation Methodology:

'Average waiting time before calls are answered' was calculated by running the 'Historical Split/Skill Summary Monthly' report from the Avaya call centre system. This report contains average speed of answer and number of calls queued for each month, by call queue (Electricity Faults, Wire Down, Life Threatening and Streetlights). The weighted average of all queues/months was reported in the template.

'Percentage of Calls abandoned' was obtained from the same report, using the Total Abandoned and Total Offered fields. Total Abandoned divided by Total Offered provided the percentage abandoned.

'Number of overload events' was calculated as those instances where there is a variance of greater than 10 calls shown as having a 'Busy end result' on the 'Telstra 131 799 call result report' within a single day

Basis of Preparation
2020-21 Regulatory Year

as this is what AusNet deems to fit the definition of "The call centre queueing system is inadequate to handle incoming calls".

Estimated Information:

All information reported is Actual Information. No estimates were required.

Number of Customer complaints

Preparation Methodology:

Complaint data was stored within AusNet Electricity Services' system ServiceNow. To report against the categories in Table 3.6.7, complaints were exported to a spreadsheet and grouped into categories using keyword searches on the complaint's data fields. Where complaints could reasonably fall into two categories based on 'keyword' searches, further analysis has been undertaken by a subject matter expert, to understand the nature of the complaint. By way of example, where a complaint mentioned 'Solar', if the complaint related to solar voltage issues, the complaint has been grouped into 'Technical Quality of Supply', however where the complaint related to a delayed solar connection or poor service in relation to a solar enquiry, this would be grouped into 'Administrative process or customer service'.

AusNet Electricity Services is reviewing processes in an attempt to bolster information captured to enable timely and accurate reporting. AusNet Electricity Services will assess the practicality from a system and user perspective, of capturing categories aligning to RIN reporting at the source, such as when a customer submits a complaint or when an agent handles it. We expect an outcome in 2022.

Estimated Information:

All information reported is Actual Information. No estimates were required.

Basis of Preparation
2020-21 Regulatory Year

Supporting data used for Templates 3.6.8, 3.6.9, 6.2, 6.7 and 6.8.

Reliability Information is reported for unplanned interruptions which is an interruption due to an unplanned event. An unplanned event is considered an event that causes an interruption where the customer has not been given the required notice for the interruption or where the customer has not requested the outage.

A sustained interruption is any loss of electricity supply to a customer associated with an outage of any part of the electricity supply network, including generation facilities and transmission networks, of equal or more than 60 seconds in duration, including outages affecting a single premise. Momentary interruptions last for less than 60 seconds.

Note - AusNet Services' Outage Management System (Poweron) reports momentary interruption as loss of supply interruption continuing for a period of less than one minute, consistent with the Distribution Code.

The STPIS RIN report definition of a momentary interruption is a loss of supply with duration of one minute or less. The calculated errors in SAIDI, SAIFI and MAIFI were all less than 2.0%, hence reported values are considered accurate and actual information for reporting purposes.

The customer interruption starts when recorded by equipment or, where such equipment does not exist, at the time of the first customer call relating to the network outage. An interruption may be planned or unplanned, momentary or sustained. Subsequent interruptions caused by network switching during fault finding are not included. An interruption ends when supply is again generally available to the customer.

To prepare Templates 6.2 STPIS Reliability, 6.7 STPIS Daily Performance and 6.8 STPIS Exclusions, three supporting reports are first prepared. The Basis of Preparation for those Templates should be read in conjunction with this section.

The process undertaken to produce these supporting reports is described in Section 3.6.8.

Basis of Preparation
2020-21 Regulatory Year

3.6.8 Network - feeders

Feeder Classification

- Obtain Feeder Maximum Demand ("MVA") from Network Strategy and Planning (Region Planners).
- Obtain the year-end feeder level summary for overhead and underground line length SDME Support Team via IT Helpdesk.
- Feeders were classified to either Urban, Short Rural or Long Rural:
  - Urban Feeder: $\frac{Maximum\ Demand\ (MVA)}{Overhead+Undergraound\ Length\ (km)} > 0.3\ MVA/km$
  - Short Rural Feeder is not an urban feeder with total Overhead and Underground line length less than 200 km.
  - Long Rural Feeder is not an urban feeder with total Overhead and Underground line length greater than 200 km.

Customer Count Estimation Process

- Obtain Customer Count by Feeder report from Poweron Fusion. This report is automatically generated on the first day of each month.
- The Regulatory year average customers count was estimated by:

$$\frac{Customer\ Count\ on\ 1\ July\ 2020 + Customer\ Count\ on\ 1\ July\ 2021}{2}$$

Energy Not Supplied

Energy not supplied is an estimate of the energy that was not supplied as a result of customer interruptions and is reported exclusive of the effect of Excluded Outages (i.e., STPIS Exclusions 3.3 (a) only).

Preparation Methodology:

The reported values of energy not supplied were obtained from the Annual Regulatory Accounts.

An estimate was performed of the raw (not normalised) energy not supplied due to unplanned customer interruptions. This is calculated based on average customer demand multiplied by the number of customers interrupted and the duration of the interruption. Average customer demand was determined from average consumption of customers on the feeder based on their billing history.

Data reported for "Energy not Supplied – Unplanned" has been reported exclusive of the effect of Excluded Outages (i.e. STPIS Exclusions 3.3 (a) only).

Network Outage Summary

- Extract the Regulatory year Network Outage Summary Report from Poweron Fusion. Ensure that all incident status is equal to 'Completed'. This status is attained once all data clean-up and validation have been carried out by CEOT Data Analysts.
- To distinguish between Unplanned and Planned outages in the Network Outage Summary Report, apply the following filters to field name 'Classification' as follows:
  - Planned Outages = Planned HV Incident; Planned LV Incident
  - Unplanned Outages <> Planned HV Incident; Planned LV Incident
- If no cause has been recorded in an incident, cause group of 'Other' is applied.

Basis of Preparation
2020-21 Regulatory Year

- The MED threshold for Regulatory year was calculated from supply interruption data between years FY2016 to FY2021. If the USAIDI on one particular day exceeds the MED threshold value, it will be classified as a Major Event Day (**MED**).
- Below incidents are to be reported in the STPIS exclusions list:
    - o Transmission-related incidents. During the year transmission events that affected the distribution network are monitored and recorded.
    - o Selected supply interruptions that occurred during the Total Fire Ban (**TFB**) day as a result of the mandatory suppression of reclose functions on protective devices in areas covered by a TFB declaration.
    - o Supply interruptions associated with equipment failure during the initial and pre-conditioning tests of Rapid Earth Fault Current Limiter (**REFCL**) deployment.
    - o Supply interruptions due to inter-distributor connection failures.

Estimated Information:

Values provided for 'Energy not supplied' are considered Management's best estimate based on the data available. Per the RIN Instructions and Definitions, this information is permitted to be Estimated Information on an ongoing basis. All other information is actual.

3.6.9 Network - reliability

Preparation Methodology:

From the Network Outage Summary report, a summary of planned outages per feeder classification (i.e., Urban, Short Rural and Long Rural) was created.

The System Average Interruption Duration Index (**SAIDI**) value per network categorisation was calculated by dividing the sum of CMOS with the average count of customers per feeder classification.

The System Average Interruption Frequency Index (**SAIFI**) value per network categorisation was calculated by dividing the sum of Customer Interruptions with the average count of customers per feeder classification..

Estimated Information:

All information reported is Actual Information. No estimates were required.

Basis of Preparation
2020-21 Regulatory Year

4.1 Public Lighting

Public Lighting is as defined in the 2016-2020 Distribution Determination, which was extended for 6 months to June 2021.

Preparation Methodology:

Data reported as the 'Number of Lights' was determined based on June 2021 billing information.

Public Lighting Revenue was obtained from billing data sourced from the billing system. The categorisation by light type and between Efficient and Non-Efficient Public Lighting Revenue was based on the descriptions of the amounts billed.

Estimated Information:

All information reported is Actual Information. No estimates were required.

Basis of Preparation

2020-21 Regulatory Year

6.2 STPIS Reliability

System Average Interruption Duration Index is, as per the STPIS, the sum of the duration of each sustained interruption (in minutes) divided by the total number of distribution customers as defined in the service target performance incentive scheme.

System Average Interruption Frequency Index is, as per the STPIS, the total number of sustained interruptions divided by the total number of distribution customers as defined in the service target performance incentive scheme.

Momentary Average Interruption Frequency Index (**MAIFI**) is, as per the ESCV's Information specification (Service performance) for Victorian Electricity Distributors, April 2020 version 11, p. 62: 'The total number of momentary interruptions divided by the total number of connected customers averaged over the year'.

A Distribution Customer is a distribution customer (with active accounts) with an active National Metering Identifier (**NMI**).

Preparation Methodology:

Using the Network Outage Summary report (obtained from the Poweron Fusion application), a summary table of unplanned outages for Customer Interruptions (sustained and momentary) and CMOS by feeder classification (i.e. Urban, Short Rural and Long Rural) was created. A similar table less all exclusions was also created. The SAIDI, SAIFI and MAIFI values were calculated using the average customer count by feeder classification.

Estimated Information:

All information reported is Actual Information. No estimates were required.

Basis of Preparation
2020-21 Regulatory Year

6.6 STPIS Customer Service

6.6.1 Telephone answering

A call to the fault line answered in 30 seconds is measured from when the call enters the telephone system of the call centre (including that time when it may be ringing unanswered by any response) and the caller speaks with a human operator but excluding the time that the caller is connected to an automated interactive service that provides substantive information. This measure does not apply to:

> (a) Calls to payment lines and automated interactive services

> (b) Calls abandoned by the customer within 30 seconds of the call being queued for response by a human operator.

Total number of calls is the total number of calls to the fault line to be reported, including any answered by an automated response service and terminated without being answered by an operator. It excludes missed calls where the fault line is overloaded.

Being placed in an automated queuing system (automated or otherwise) does not constitute a response.

Preparation Methodology:

This data was derived from Template 6.7 Daily Performance data. 'Number of calls received' exclude calls to payment lines/automated interactive services and calls abandoned within 30 seconds, per the STPIS Guidelines. These calls are removed by separately identifying them in the data extract from Avaya and IP Scape (note that AusNet have a telephony platform change during the reporting period) see Basis of Preparation for Template 6.7.

AusNet Electricity Services' telephone answering process cannot, in any practicable way, link individual phone calls to individual incidents. In order to exclude calls from customers relating to MED incidents, post code data (captured in the AusNet Electricity Services Phone System) was used. The post codes from customer calls were compared to the post codes of MED incidents to quantify the call data to exclude. This method is only used to exclude data on subsequent days should an incident not be resolved within the same day it occurs (in accordance with clause 5.4). 2 MED's were excluded within this review period. The first MED which lasted 8 days occurred during August 2020 and the first day also qualified for a SAIDI exception, therefore postcode data was used to exclude the following 4 days. The final three days of the MED event were of minimal impact and as such have been included without any alteration. The second MED occurred during June 2021 and lasted 16 days. The first 2 days (9th and 10th) qualified for SAIDI exemption and the following 14 days postcode data was used to quantify the data to be excluded.

AusNet Services Contact Centre excludes events under clause 3.3(b) of the Service target performance incentive scheme where an event may be excluded where daily unplanned SAIDI for the DNSP's distribution network exceeds the major event day boundary, as set out in appendix D, when the event has not been excluded under clause 3.3(a).

We have not excluded data relating to 3.3(a) – during this reporting period. Our contact centre only services Distribution Fault Calls however if a transmission network failure occurred it would still create an impact to our performance and as such AusNet retains the right to exclude data on 3.3(a) clauses. If an interruption

on affects distribution, this data is may be removed and postcode capture data would be used to determine the impact of the event.

<u>Estimated Information:</u>

All information reported is Actual Information.

No estimates were required. The approach taken to exclude MED data is not considered to result in Estimated Information as the data used was system generated and there is not a valid, alternative approach that would lead to materially different data being reported.

6.6.2 Inadequately Served Customers

Inadequate level of service means a customer experiencing greater than 4 times the Network average for unplanned SAIDI on a three-year rolling average basis compared with a network average customer. DNSPs are required to report:

- the average unplanned SAIDI of the inadequate level of service customer
- the average unplanned SAIFI of the inadequate level of service customer
- the top five feeders or feeder sections with the most inadequate level of service customer
- the number of inadequate levels of service customer of each of the top five feeders or feeder sections.

Where data are unavailable at feeder or feeder-section level, the DNSP may report on zone substation level.

<u>Preparation Methodology</u>:

- Calculation of threshold SAIDI value for inadequately served customers.

  Utilising historical Network Outage Summary reports from FY19, FY20 and FY21, calculate the 3-year rolling average for network unplanned CMOS. Multiply the 3-year average network unplanned CMOS by 4 and divided by the FY21 network average customers as per section 3.6.8 – Customer Count Estimation Process. The resulting value is the *threshold SAIDI* for feeders supplying inadequately served customers.

- Calculation of feeder level USAIDI

  For each feeder, divide the unplanned CMOS of the reporting period by the number of customers connected to each feeder as per section 3.6.8 – Customer Count Estimation Process. Customers connected to a feeder assumes the average USAIDI value.

- Calculation of feeder level USAIFI

  For each feeder, divide the unplanned customer interruptions (CI) of the reporting period by the number of customers connected to each feeder as per section 3.6.8 – Customer Count Estimation Process. Customers connected to a feeder assumes the average USAIFI value.

- Identification of feeders supplying inadequately served customers

Basis of Preparation
2020-21 Regulatory Year

Feeders with inadequately served customers would be those with feeder level USAIDI greater than the *threshold SAIDI* for feeders supplying inadequately served customers.

- Identification of Average unplanned SAIDI/SAIFI of inadequately served customers

  From the list of X number of inadequately served customer feeders, calculate the simple average by summating all feeder USAIDI/USAIFI and dividing by X.

- Identification of Highest unplanned SAIDI of inadequately served customers

  From the list of X number of inadequately served customer feeders, search the feeder with the highest USAIDI/USAIFI value or sort the USAIDI/USAIFI values in descending order.

Estimated Information:

All information reported is Actual Information. No estimates were required.

Section 2.20(b) of the AER RIN Division 4 of Part 3 document states that "*the network average unplanned SAIDI of a network average customer is the unplanned SAIDI of the network type **including excluded events**"*. AusNet's FY21 inputs to the *RIN template 6.6.2 Inadequately Served Customers* were based on this guidance. However, AusNet also intends to provide alternative inputs via this BOP document to highlight the significant differences in values if events eligible for exclusions under STPIS Exclusions 3.3(a) and (b) are **removed from the calculations**.

The table below shows the comparison in calculated values before and after removing exclusions.

6.6.2 - INADEQUATELY SERVED CUSTOMERS		Before removing exclusions	After removing exclusions
		NUMBER	NUMBER
		(12 months) 2021	(12 months) 2021
A - SAIDI VALUES			
Threshold SAIDI value for inadquately served customers (see note 1)	SAIDI	2,201	642
Average unplanned SAIDI of inadquately served customers	SAIDI	5,297	1,075
Highest unplanned SAIDI of inadquately served customers	SAIDI	19,459	2,112
B - SAIFI VALUES			
Average unplanned SAIFI of inadquately served customers	SAIFI	5.51	5.82
Highest unplanned SAIFI of inadquately served customers	SAIFI	11.15	8.85

Number of inadequately served feeders	52	11
Average SAIDI of top 5 feeders	13,869	1,486
Average SAIFI of top 5 feeders	7	6
Average connected customers of top 5 feeders	1,396	411

AusNet's reported values for FY21 are under the column "Before removing exclusions". The high numbers reflect the disproportionate impact of major event days (MEDs) to unplanned SAIDI. These do not reflect underlying performance issues requiring attention. The alternative is to report on values after exclusions have been removed. The result is a manageable list of potentially underperforming feeders that can be investigated for reliability improvement opportunities. AusNet wishes to suggest that inputs to the *RIN template 6.6.2 Inadequately Served Customers* be based on USAIDI/USAIFI performances after removing STPIS Exclusions 3.3(a) and (b).

Basis of Preparation
2020-21 Regulatory Year

6.7 STPIS Daily Performance

Daily performance data contains AusNet Electricity Services' daily performance on MAIFI and customer service metrics for each day between the reporting period 1 July 2020 and 30 June 2021.

Customer service data

System data for this report is extracted from Avaya CMS Supervisor Reporting tool (Avaya is the current telephony system provider) and the IPScape Reporting Interface (IPScape are the current IVR Platform Provider).

The following reports were generated:

- **Number of calls received:** As per the STPIS Guidelines, this excludes calls to payment lines/automated interactive services and calls abandoned within 30 seconds. These are identified as follows:
  - o **Calls received excluding calls to payment lines/automated services:** This was calculated by running the 'NM – CFE Summary Daily Multi Skills V3 report' (Avaya CMS) by day from 1 July 2020 – 30 June 2021 on the following electricity fault call queues; Wire Down, Streetlights, Life Threatening, Electricity Faults
  - o **Calls abandoned within 30 seconds:** The 'NM – CFE Summary Daily Multi Skills V3' report (Avaya CMS) was run per day from 1 July 2020 – 30 June 2021 on the following electricity fault call queues; Wire Down, Streetlights, Life Threatening, Electricity Faults
- **Number of calls answered in 30 seconds:** The 'NM – CFE Summary Daily Multi Skills V3' report (Avaya CMS) was run per day from 1 July 2020 – 30 June 2021 on the following electricity fault call queues; Wire Down, Streetlights, Life Threatening, Electricity Faults.

In order to exclude calls from customers relating to MED incidents, post code data (captured in the AusNet Electricity Services Phone System) was used. The post codes from customer calls were compared to the post codes of MED incidents to quantify the call data to exclude.

Estimated Information:

All information reported is Actual Information with the exception of daily calls abandoned in less than 30 seconds information which have been calculated separately for the reporting periods (FY21 and HY21) due to reporting limitations. These values were then subtracted from total call volumes for the queues in scope for audit. These calculations are evidenced in supporting document calls abandoned within 30 seconds.xls this refers to table 6.7.

Daily performance data

Preparation Methodology:

MAIFI data

Using the Network Outage Summary report (obtained from Poweron Fusion), a daily summary of customer interruptions caused by momentary outages by feeder classification (i.e., Urban, Short Rural, and Long Rural) was generated. A momentary outage has an outage duration = 0. The daily MAIFI from each feeder classification was calculated using the average customer count by feeder classification.

Basis of Preparation

2020-21 Regulatory Year

The AER RIN template specifies that "excluded events to be removed from the data refer only to events listed in the clause 3.3(a) of the STPIS with respect to reliability data

Estimated Information:

All information reported is Actual Information. No estimates were required.

Basis of Preparation
2020-21 Regulatory Year

6.8 STPIS Exclusions

With reference to STPIS section 3.3(a), exclusions refer to supply interruption events caused by any of the following conditions:

1) [Deleted]
2) load shedding due to a generation shortfall.
3) automatic load shedding due to the operation of under frequency relays following the occurrence of a power system under-frequency condition.
4) load shedding at the direction of the Australian Energy Market Operator (**AEMO**) or a system operator.
5) load interruptions caused by a failure of the shared transmission network.
6) load interruptions caused by a failure of transmission connection assets except where the interruptions were due to inadequate planning of transmission connections and the DNSP is responsible for transmission connection planning.
7) load interruptions caused by the exercise of any obligation, right or discretion imposed upon or provided for under jurisdictional electricity legislation or national electricity legislation applying to a DNSP.

Exclusions

Preparation Methodology:

Using the Network Outage Summary report (obtained from Poweron Fusion), all Transmission, selected TFB-related events, inter-DB connection failures and REFCL- related outages from pre-conditioning tests were identified.

A summary of these events was then created by event date and sequence of occurrence. For each feeder affected, the number of customer interruptions (**CI**) and CMOS was summated.

The average interruption duration was calculated by dividing CMOS with CI for each event.

Estimated Information:

All information reported is Actual Information. No estimates were required.

Basis of Preparation
2020-21 Regulatory Year

6.9 STPIS GSL

The applicable GSL scheme for AusNet Electricity Services is the scheme included in the Victorian Electricity Distribution Code. This GSL scheme is referred to as the 'jurisdictional GSL scheme' in the reporting template. The AER GSL scheme does not apply to AusNet Electricity Services.

Guaranteed Service Levels – Jurisdictional GSL Scheme

Preparation Methodology:

Appointments and Connections

Appointments and new connections data is recorded in AusNet Electricity Services' SAP CIS software.

'Total Connections Made' was sourced from a report generated in SAP CIS.

Within SAP CIS, the 'Review GSL Products' module holds the relevant information for the remaining Connections data reported. Once information has been entered into SAP, it is reviewed daily by the New Connections team and should a GSL entry be accepted by the team, it is manually transferred to a monthly GSL spreadsheet. Each GSL entry is assessed against the applicable criteria for awarding a GSL and can be rejected if there are defects on the customer's site, no supply at the premises, or the customer has cancelled the appointment.

Once a GSL is accepted by the New Connections team, SAP CIS interfaces with Kinetiq (Billing System) and adds the GSL refund to the next billing cycle. This is actioned by the Metering Revenue team.

At the end of each month, the GSL report is finalised by generating a new connection and truck appointment report in SAP, which returns the total number of connections and truck appointments for that month. Based on this, the percentage of service orders completed on time can be calculated.

To populate the RIN template a yearly extract is taken from SAP CIS and includes both Connection and Appointment GSL.

Estimated Information:

All information reported is Actual Information. No estimates were required.

Reliability of Supply

Reliability of supply data was sourced from the DOMS system. The information was extracted using a standard report entitled 'LR Payments All Detailed'. The output of this report includes the number of GSL events for each category (e.g., flow reliability payments – 20 hours).

The number of events in each category was then multiplied by the applicable GSL payment (e.g., $120) to determine the amount paid under each GSL category.

The events that can be excluded from GSL is flagged in DOMS system. When the "LR Payments All Detailed" report is run option "Y" is selected for "Exclude GSL Exempt Events" to exclude these events.

The RIN is prepared under the assumption that the outages from 9th and 10th June 2021 Major Event Days and Transmission events on 3rd May 2021 are approved by AER/ESC for an exemption under 6.3.4 of

Basis of Preparation
2020-21 Regulatory Year

Electricity Distribution Code.9th and 10th June 2021 exemption application is submitted under the clause "***supply interruptions on a day where the unplanned interruption frequency exceeds the daily unplanned interruption frequency threshold of 0.190" according to EDC 6.3.4 (d) Version 12.***

For the Regulatory year, AusNet Electricity applied the following principles based on guidance from the AER. AusNet added the calculation outcomes of the GSL information for the periods described below.

1 Jul 2020 – 31 Dec 2020

- The GSL amounts for this period were based on the 2016-2020 GSL scheme. AusNet used 50% of the CY2020 (1 Jan 2020 to 31 Dec 2020) reported GSL amounts.

1 Jan 2021 – 30 Jun 2021

- The GSL amounts for this period were based on the scheme effective as of 1 Jan 2021

Estimated Information:

All information reported is Estimated Information as the 1 Jul 2020 – 31 Dec 2020 used an estimation method as described above.

Streetlights

This is the total number of streetlights on the network at the end of June 2021 and sourced from the SDME Asset Management system.

The preparation of STPIS GSL data is documented in the AusNet Services' Public Lighting Performance Reporting Guidelines (SOP 30-04).

Streetlights "out" during period

Each month the Fusion DOMS system produces a report on the total number of faults reported during that month. An end of year report is also run to check and confirm any missing completion dates from the monthly reports. The DOMS system allows for selection of any commencement date and end date.

The total number of streetlight faults was determined by filtering the lighting report for all streetlight-specific faults reported using the 'Trouble Symptom' column including all categories except 'Found by patrol' and 'Watchman lights' for the entire year.

Data Reported in this metric relates to streetlight faults reported by a customer and does not relate to GSL eligible faults only.

It is noted that 0.46% of the records do not have a 'field complete date (time and date the repair was completed) populated by contractors, as well as a 'system complete date' (entered by the contract manager once the field crews return from the field). These records are discounted in the analysis as these would have a status of "In Progress" or "Awaiting."

From the remaining records, it is noted that 2.56% of records do not have a 'field complete date' (time and date the repair was completed) populated by contractors. For this data, the 'system complete date' (entered

Basis of Preparation
2020-21 Regulatory Year

by the contract manager once the field crews return from the field) has been used to calculate the 'number of business days to repair'. Given the small volume of records, AusNet Electricity Services does not consider that this to have a material impact on data reported. Based on this, the data presented is considered Actual Information.

Streetlights not repaired by "fix-by" date.

The "fix-by" date is assumed to be the agreed date for repair of a faulty light between AusNet Electricity Services and the person that reported the fault. The Fusion DOMS report does not specifically detail this information; therefore, a value cannot be determined under this item.

Data Reported in this metric relates to streetlight faults reported by a customer and does not relate to GSL eligible faults only.

Streetlights not repaired in 2 business days.

Using the same Fusion DOMS report as above, the NMI (National Metering Identifier) column is filtered to include only calls from known customers. Then the 'Trouble Symptom' column is filtered on the 3 location categories 'Area lights Out', 'Single outside' and 'Failure adjacent'. This figure includes all faults under these 3 categories for the Regulatory year. The filters applied are based on GSL eligibility criteria.

The Network (i.e., Business days) column is then filtered to remove all faults repaired in 2 days or less.

Data reported in this metric is in accordance with the Victorian Public Lighting Performance standards (e.g., GSL eligible only).

Streetlights average number of business days to repair.

This figure is assumed to be the average business days to repair faulty streetlights that were reported during the Regulatory year. This is determined by filtering the 'Trouble Symptom' column in the Fusion DOMS report to remove faults under 'Found by patrol' and 'Watchman lights' for each quarterly report. Then, the average 'Network Days' i.e., Business days are calculated for the total time taken to repair these faults divided by the total number of faults.

Data Reported in this metric relates to streetlight faults reported by a customer and does not relate to GSL eligible faults only.

Number and dollar value of GSL payments

The number of payments to public residents who qualify for a missed GSL is determined by reviewing the data obtained from the Fusion DOMS report and this is provided by AusNet Electricity Services to its public lighting contractor for confirmation. Each outage not rectified within 2 business days is reviewed and if the information provided aligns with the criteria in the Public Lighting Code, the GSL is considered payable.

The number of GSLs paid is multiplied by the mandated $25.00 GSL payment to calculate the total GSL amount.

Estimated Information:

All information reported is Actual Information. No estimates were required.

Basis of Preparation
2020-21 Regulatory Year

6.11 Customer Survey Outcomes

Customers' who have experienced a planned or unplanned outage, connected to our distribution network, or have made a complaint, are surveyed to understand their level of satisfaction with AusNet's level of customer service.

In this survey, customers are asked to rate their satisfaction level on a scale of 0 to 10, with 0 being 'very dissatisfied' and 10 'very satisfied'. This survey, and the associated reporting, is undertaken by an independent third-party consultant and has been ongoing since the beginning of CY2018.

Preparation Methodology

Table 6.11.1 - PERFORMANCE (AVERAGE)

Each month, customer data across the key interactions measured in the program (i.e., planned and unplanned outages, new connections and complaints) is extracted and provided to the independent third-party consultant for surveying purposes.

Customer data is sourced from the below applications:

- Planned outages from PowerOn Fusion
- Unplanned outages from PowerOn Fusion
- New connections from the AusNet Data Warehouse (SAP-ISU)
- Complaints from ServiceNow, Customer Service Management (CSM)

The third-party consultant then telephone surveys customers, through random sampling techniques, until the agreed quotas for the month have been achieved. This process is repeated monthly, with satisfaction scores calculated as the average score across all respondents for each interaction.

These individual scores are collated to determine the performance (average) for the regulatory year.

The metrics reported for each of these four parameters are consistent with the AER's Final Decision on the Customer Service Incentive Scheme for AusNet Services.

Table 6.11.2 - LOWER DEADBAND

The lower deadband for each parameter (except complaints) is calculated as the 90% confidence interval below the target between January 2018 and June 2020. January 2018 coincided with the establishment of the Customer Forum and our commitments to improving customer service, with data available until June 2020. This period was used to set the targets and deadbands.

For complaints, the lower deadband is equal to the target. As per the AER's Final Decision and the *Revised Proposal - CSIS - CSAT Data Targets and Reporting Template*, the lower deadbands are fixed for the period as follows:

- Planned outages   7.3
- Unplanned outages   6.3
- New Connections   6.4
- Complaints   3.8

Basis of Preparation
2020-21 Regulatory Year

Table 6.11.3 - TARGET

The target for each parameter is calculated as the historical average between January 2018 and June 2020. As per the AER's Final Decision, the targets are fixed for the period as follows:

- Planned outages   7.4
- Unplanned outages   6.5
- New Connections   6.6
- Complaints   3.8

Table 6.11.4 - UPPER DEADBAND

The upper deadband for each parameter (except complaints) is calculated as the 90% confidence interval above the target between January 2018 and June 2020. For complaints, the upper deadband is set at 5, ensuring that material improvements are rewarded. As per the AER's Final Decision and the *Revised Proposal - CSIS - CSAT Data Targets and Reporting Template*, the upper deadbands are fixed for the period as follows:

- Planned outages   7.5
- Unplanned outages   6.6
- New Connections   6.8
- Complaints   5.0

Table 6.11.5 - PERFORMANCE METRIC WITH DEADBANDS APPLIED

This metric is used to calculate the quantum of the reward. If performance for the parameter falls within the lower and upper deadbands, then this metric is equal to the target. This provides statistical confidence that the performance delivered is significantly better or worse than the target.

Table 6.11.6 - INCENTIVE RATES

As per the AER's Final Decision and the *Revised Proposal - CSIS - CSAT Data Targets and Reporting Template*, the incentive rates are fixed for the period as follows:

- Planned outages   0.083%
- Unplanned outages   0.083%
- New Connections   0.083%
- Complaints   0.041%

Table 6.11.7 - REWARD

The penalty or reward is triggered if performance falls outside either the lower or upper deadband, respectively. The financial outcome is calculated by multiplying the incentive rate against the difference between the performance and target.

Estimated Information

All information reported is Actual Information. No estimates were required.

Basis of Preparation
2020-21 Regulatory Year

7.8 Avoided TUOS Payments

Avoided TUOS Payments are the payments made by AusNet Electricity Services in accordance with Clause 5.5(h) of the National Electricity Rules (**NER**).

Preparation Methodology:

Data reported was populated using information from Template 9.5 TUoS. Refer to Section 9.5 for further details.

Estimated Information:

All information reported is Actual Information. No estimates were required.

Basis of Preparation
2020-21 Regulatory Year

7.10 Jurisdictional scheme payments

Jurisdictional scheme has the meaning given in Clause 6.18.7A (d) of the NER.

Jurisdictional Scheme Payment is, in respect of a Jurisdictional Scheme, the amount AusNet Electricity Services is required under the Jurisdictional Scheme obligations to:

      (a) Pay to a person;
      (b) Pay into a fund established under an Act of a participating jurisdiction;
      (c) Credit against charges payable by a person; or
      (d) Reimburse a person

less any amounts recovered by AusNet Electricity Services from any person in respect of those amounts other than under the NER.

Preparation Methodology:

Data was sourced from the billing system and reconciles to the financial statements

Solar tariff codes are used for the feed-in schemes for which AusNet Electricity Services is responsible for providing rebates – Premium feed-in tariff payments (**PFIT**). Data reported was calculated as the sum of billed volumes in the respective PFIT tariff codes multiplied by the relevant cents per kilowatt hour rate.

Estimated Information:

All information reported is Actual Information. No estimates were required.

Basis of Preparation
2020-21 Regulatory Year

7.11 Demand management incentive scheme

7.11.1 - DMIS - PROJECTS SUBMITTED FOR APPROVAL

Preparation Methodology:

Relevant projects were identified by a subject matter expert (**SME**). Project costs reported were extracted from SAP reports. Capital and Operating Expenditure reported is exclusive of overheads and finance costs.

Estimated Information:

All information reported is Actual Information. No estimates were required.

7.11.2 - DMIAM - PROJECTS SUBMITTED FOR APPROVAL

Preparation Methodology:

Relevant projects were identified by a (**SME**). Project costs reported were extracted from SAP reports. Capital and Operating Expenditure reported is exclusive of overheads and finance costs.

Estimated Information:

All information reported is Actual Information. No estimates were required.

Basis of Preparation
2020-21 Regulatory Year

8.1 Income

The accounting terms used in this template have the same meaning as is used for the preparation of the AusNet Electricity Services Pty Limited's SPFR. The service classifications have the same meaning as those used in the Distribution Determination.

Preparation Methodology:

All amounts reported were extracted from SAP General Ledger accounts, billing information or from other templates within the current years Regulatory Accounts, except as detailed below:

- *Pass through revenue (F-factor) F-Factor revenue* is recovered by AusNet Electricity Services via the addition of approved pass-through tariffs to DUOS prices. The approved pass-through amount has been adjusted to reflect the difference between AusNet Electricity Services' 2020 Annual DUOS Revenue Target and the actual DUOS revenue received to determine the total amount of F-Factor revenue earned in 2020, scaled for the amount of revenue received in the Jul-Dec 2020 part of the year. This calculation is performed to take account of differences between forecast and actual volumes delivered and to ensure that only the portion of F-factor revenue received in the last six months of CY2020 is included in the RIN. Zero F-factor revenue applied to the Jan-Jun 2021 part of the year.
- *Public Lighting Revenue*: The categorisation of public lighting revenue between Efficient and Non-Efficient was based on an analysis of the descriptions of the amounts billed.
- *Depreciation Expense:* Depreciation for RY21 is based on the depreciation sourced from the Regulatory Asset Base (**RAB**) which is calculated by using 50 per cent of the 2020 calendar year forecast depreciation, combined with 6 months' forecast depreciation that was obtained from the most recent AER Final Decision. AusNet Electricity Services changed to this method of reporting which is more reflective of regulatory depreciation rather than what it previously reported which was based on the initial AER decision. However, public lighting based on actual straight line depreciation.
- *Finance Charges:* Charges were obtained via weighting the actual debt raising costs from the General Ledger across networks, based on the Regulated Asset Base (**RAB**) value of each network.

The 'Adjustments' column is the difference between the Audited SPFR amounts and Distribution Business amounts. These differences arise due to the following:

- Various adjustments are made to the audited SPFR that differ from recognition or measurement requirements of Australian Accounting Standards, to arrive at the AusNet Electricity Services distribution business' regulatory amounts, reflecting the AER's RIN submission guidelines.

The adjustment column is part of a reconciliation required by the notice. Refer to section 1(c) of Schedule 1 of the AusNet Electricity Services' submission for this reconciliation.

Estimated Information:

The weighting process applied to Finance Charges results in the information being considered Estimated Information as the data is based on system generated information, for which there isn't an alternative approach that provides a materially different position. The AusNet Services Group has a common funding vehicle utilised for all entities within the Group and as such funding requirements are managed at the group

Basis of Preparation
2020-21 Regulatory Year

level. As funding is not deemed to be associated with any specific entity, AusNet Electricity Services has allocated debt raising costs using RAB weightings of the entities within the Group. Regulatory depreciation is also considered an estimate as described above.

8.2 Capex

Capital Expenditure (**Capex**) includes all costs that are directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management. In accordance with the AER approved CAM, AusNet Electricity Services capitalises overhead expenditure that is directly attributable to bringing an asset to its intended in-service state.

Capex and capital contributions data were extracted from SAP by work code and project and populated into an excel based capex model. The data extracted included details of direct costs, overheads and capitalised finance charges. Projects were classified into Asset Classifications based on work codes with an experienced SME review. Capital Contributions reported includes in kind, gifted assets and the accounting-based recognition of cash customer contributions.

Table 8.2.1: Capex by Purpose - Standard Control Services and Table 8.2.3 Capex Other

Preparation Methodology:

Information in the Capex Model was used to populate the 'Actual' column in Tables 8.2.1 and 8.2.3.

In Table 8.2.1 Augmentation, Connections, Replacement and Non-Network costs reported are direct costs including related party margins, capital contributions but, exclude capitalised overheads. AusNet Electricity Services capitalises a proportion of its overheads. These overheads are calculated using multiple drivers that isolates a portion of overheads that are capital in nature. These overheads are divided by the distribution capex direct costs to form a percentage. This percentage is applied to the direct costs of the distribution capex that forms the capitalised overheads. Capitalised overheads are shown separately.

In Table 8.2.3 Alternative Control Services costs reported are direct costs including any related party margins, overheads, capital contributions and gifted assets.

Related parties are defined in the RIN instructions. Information reported in the 'Related Party Margin' column is based on an SAP report of related party transactions which was classified into Asset Categories using project data. The related party margin is prescribed in contracts. The prescribed contract margin was applied to the total related party costs to determine the margin. AusNet Electricity Services also has related party transactions within the AusNet Services Group; however, these transactions are at zero margin.

To determine the voltage allocations (excluding REFCL), capex data sourced from AusNet Electricity Services' Category Analysis RIN templates was used. REFCL was allocated based on the advice of a SME.

Estimated Information:

The 'Actual' column is considered Actual Information. However, as the 'Actual" column of table 8.2.1 is protected against editing, AusNet Electricity Services populated the 'Other' column in the voltage section of the table so that information would flow into the 'Actual' column. This allows the Auditor to provide an opinion over the data in the "actual" column. The assignment of the Augmentation, Connections, Replacement and Capitalised Overheads into the prescribed voltages except for Non-Network in Table 8.2.1 is estimated information, as the data sourced from the Category Analysis RIN which was based on

Basis of Preparation
2020-21 Regulatory Year

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estimated information (The detailed estimation methodology for each of these categories is stated in the Category Analysis RIN). Related party margin information is estimated because the 'at risk' margin was proportionally allocated over Augex and Repex projects delivered by Zinfra. However, Management considers this its best estimate based on the data available. As table 8.2.3 cannot be categorised into the Subtransmission, HV and LV, AusNet Electricity have disclosed the amounts in the 'Other' column.

Table 8.2.4: Capex by Asset Class – Standard Control Services

Preparation Methodology:

'Actual' capex costs reported are direct costs including any related party margins, overheads and including Type 1 capital contributions.

The 'Actual' column is derived as follows:

- SCADA/Network Control:
  - This classification includes REFCL and Non-REFCL Capex data.
  - Non-REFCL Capex data was obtained from Table 8.2.1.
  - REFCL Capex relating to SCADA/Network Control comprises 2 components:

    1) Cost of REFCL Coil units. This was obtained from SAP Materials Order reports. The SAP reports were generated for Regulatory Year and provided the cost of all coil materials in Euros. The average exchange rates ($EUR to $AUD) were able to be derived from the SAP reports. Capitalised overheads were added to the direct material cost by applying the capitalised overhead percentage.

    2) REFCL Capex also includes 'Other SCADA & Comms'. This was obtained for work undertaken at 23 Zone Substations across all REFCL tranches (1,2&3). A report was generated from SAP containing total costs for Zone Substations projects only. The approved Other SCADA & Comms amounts were taken from the respective AER decisions by station (covering 22 sites in total) and divided into the total approved amounts per station works. Refer to sheets 'T1 Allowance – Stations', 'T2 Allowance – Stations' and 'T3 Allowance – Stations' within the excel workbook. These splits were then applied to total FY21 actual costs incurred by station and by tranche using the SAP report data.

    In addition, the portion of 'other SCADA & Comms' costs were determined for another project which is not funded by the approved allowances for REFCL tranche 2. This project involves the establishment of a new zone substation at Rowville East (RVE) which is currently in build phase. Actual costs incurred against the project were sourced from SAP for FY21. The portion of costs relating to other SCADA & Comms was derived using a materials transaction report from SAP (actuals) and an allocation of design service costs for secondary works (protection and control).

    Capitalised overheads were added onto the direct material cost by applying the capitalised overhead percentage.

- Non-Network General Assets & IT:

Basis of Preparation
2020-21 Regulatory Year

- - There were no substation land purchases in Regulatory Year as part of the REFCL Capex program.
  - Actual REFCL related IT costs incurred in Regulatory Year were sourced from the REFCL ICT capital project in SAP. Actual capitalised overheads incurred on the project in Regulatory Year were added to direct costs.

- • Subtransmission:
  - This classification includes REFCL and Non-REFCL and Capex data.
  - Non-REFCL Capex data was obtained from Table 8.2.1; and
  - Once cost allocations are known for SCADA/Network Control and Non-Network IT & General Assets then all remaining costs for Zone Substations works is considered 'Subtransmission'. This principle applies to all 3 tranches in the REFCL Program. For all other works delivered outside of Zone Substations, including HV feeder works, network balancing, line hardening, etc., these costs are all considered 'Distribution System Assets'.

- • Distribution System Assets:
  - This was calculated as Total Capex less the amounts allocated other Asset Classes (described above).

In relation to Provisions, a provision movement schedule was prepared for each provision based on information extracted from SAP. The 'Movement in Provisions' was allocated into SCS, Metering, Alternative Control Services and Unregulated services using the percentage split of total operating costs per Template 8.4 Opex. Only the Provision movement attributed to SCS has been reported in 8.2 Capex. The movement was then allocated into Capex and Operating Expenditure (**Opex**) components using the results from the indirect cost allocation methodology process.

The Capex SCS movement in Provisions was allocated across Asset Categories based on the capex expenditure weighting disclosed in the 'Actual' column of Table 8.2.4.

Estimated Information:

Non-Network General Assets IT, Non-Network General Assets Other and Non-network Leasehold Land & Buildings are considered Actual Information. All other data reported is Estimated Information due to the preparation process outlined above. This is considered Management's best estimate based on information available.

The 'Movements in Provisions' are considered Estimated Information as SAP does not capture provision movements on an Opex/Capex basis and not in the required Asset Categories. The allocation process applied is considered Management's best estimate based on the data available. Due to the nature of the data required (which is not required under Accounting Standards), it is anticipated that this will be estimated on an ongoing basis.

Table 8.2.5: Capital contributions by type – Standard Control Services

A. Total Capital Contributions

Total capital contributions are the aggregate of type 1 capital contributions, type 2 capital contributions, and PWC undergrounding capex (equity funded).

B. Type 1 Capital Contributions

Basis of Preparation
2020-21 Regulatory Year

    Cash contributions, where tax obligations are incurred by AusNet Electricity Services and are recovered from its customers via charges for direct control services.

C.   Type 2 Capital Contributions
This includes gifted assets and cash contributions from large embedded generation projects where tax obligations, if incurred, are charged directly to the customer making the capital contribution.

<u>Preparation Methodology:</u>

Capital Contributions were determined using an SAP Report, classified into Asset Categories based on the cost weightings in Table 8.2.1. No capital contributions are received in relation to SCADA or Non-Network assets.

<u>Estimated Information:</u>

Total Capital Contributions is considered Actual Information as the data was sourced from SAP and allocated to the categories based on project type. This is considered Management's best estimate based on available data.

Table 8.2.5 (B): Capital contributions by type – Alternative Control Services

B. Type 1 Capital Contributions

    Cash contributions, where tax obligations are incurred by AusNet Electricity Services and are recovered from its customers via charges for direct control services.

B. Type 2 Capital Contributions

    This includes gifted assets from projects where tax obligations, if incurred, are charged directly to the customer making the capital contribution.

<u>Preparation Methodology:</u>

Capital Contributions were determined using an SAP Report, classified into Asset Categories based on the same project categorisation used for table 8.2.3.

<u>Estimated Information:</u>

Capital Contributions by asset type is considered Actual Information as the data was sourced from SAP.

Table 8.2.6: Disposals by asset class

Disposals are defined as the gross proceeds from the sale of assets.

<u>Preparation Methodology:</u>

To determine 'Actual' values, a transaction listing was generated in SAP of the General Ledger account for asset sales and retirements. This was reviewed and the relevant disposals were identified and classified.

<u>Estimated Information:</u>

Information reported is Actual information. No estimates were required.

8.2.7 - Immediate Expensing of Capex - Standard Control Services

Basis of Preparation
2020-21 Regulatory Year

Immediate Expensing of Capex is the value of capital expenditure included in the regulatory or tax asset base that has been treated as immediately deductible for income tax purposes (e.g. refurbishments and overheads). Capex reported is consistent with the value of immediate expensing capital expenditure that is included in the income tax returns lodged by AusNet Services for the relevant Regulatory Years. Reported values should reflect the values arising as a result of the ATO's decision-making process where relevant.
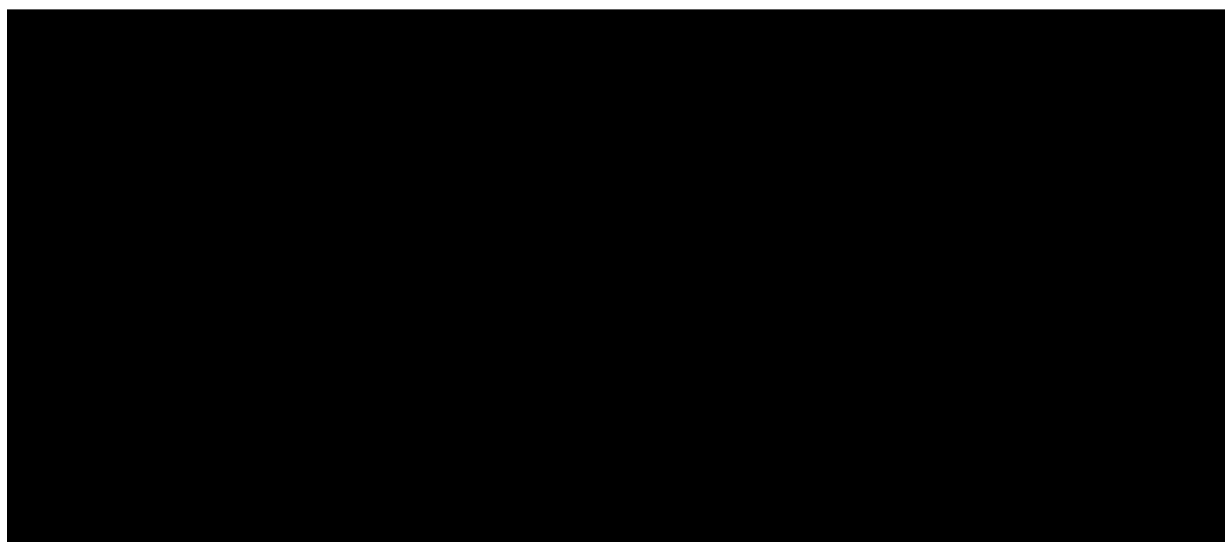
Preparation Methodology:

AusNet Electricity Services' annual income tax returns lodged to the Australian Taxation Office includes immediately deductible capital expenditure, which is based on the AusNet Group's statutory year, being 1 April to 31 March. The fixed assets that are immediately deducted for tax were sourced from the Corporate fixed asset register, which records such transactions. AusNet Electricity Services changed its policy to claiming the immediate expensing of capex to an 'incurred' basis from 2020. Historically this was based on when assets were commissioned.

Immediate Expensing capex consists of the replacement capital expenditure and the indirect labour and non-labour capitalised overheads for all types of capital expenditure. The replacement capex (that would be included in the tax return) was classified into capital expenditure categories. These categories were mapped by a SME into the Asset Classes prescribed in Table 8.2.7. Only immediately deductible SCS Capex was reported. AusNet Electricity Services excluded all expenditure related to Powerline Replacement Fund (**PRF**) projects which is deemed to be outside standard control services as it has a zero value in the RAB. PRF expenditure was identified using project description data in the asset register. In addition, all Public lighting expenditure was identified via the asset class description provided by the SME and removed from the information reported.

AusNet Electricity Services capitalises a portion of its indirect and non-labour overheads. The capitalised indirect labour and non-labour overheads were apportioned into the asset class categories based on the actual capital expenditure reported in the Annual Regulatory Accounts. Through the apportionment methodology used; the capitalised indirect labour and non-labour share applicable to Alternative Control Services was excluded.

The below table represents the types of capital expenditure in Table 8.2.7.

Basis of Preparation
2020-21 Regulatory Year

Estimated Information:

Although the Refurbishment capital expenditure is sourced from the financial system for the current Regulatory Year, the capitalised indirect labour and non-labour overheads are not categorised by asset class in SAP and were apportioned into the asset class categories based on capital expenditure reported in Table 8.2.4 in the Annual Regulatory Accounts. Therefore, all information in table 8.2.7 is considered an estimate.

Basis of Preparation
2020-21 Regulatory Year

8.4 Opex

Opex is the costs of operating and maintaining the network (excluding all capital costs and capital construction costs).

Standard Control Services and Alternative Control Services (**ACS**) are as defined in the Distribution Determination, applied to the Regulatory Year.

AusNet Electricity Services allocates costs directly to projects, assets and services where possible and appropriate. Where costs are not directly project costed, an indirect cost allocation methodology process is used to allocate costs across projects, assets and services. This is in accordance with the AER approved CAM.

Table 8.4.1 Opex

Preparation Methodology:

Information reported as 'Audited Statutory Accounts' was determined using information in Template 8.1 Income and based on information in the 'Distribution Business' column.

Data reported in the 'Distribution Business' was calculated as the sum of SCS and ACS Opex in Table 8.4.1.

SCS Opex data was extracted from SAP by work code and project and classified into Opex Categories using work code and project data.

For ACS Opex, the following preparation approaches were applied -

- *Public Lighting:* Data was extracted from SAP based on work codes and projects. The information was allocated into Efficient and Non-Efficient based on the proportion of Efficient and Non-Efficient Revenue.
- *Metering:* Metering data was extracted from SAP based on work codes and projects. Data was then subject to SME review.
- *Ancillary Network Services:* Metering data was extracted from SAP based on work codes and projects. Data was reviewed by a SME.

Estimated Information:

The methodology to allocate total Public Lighting Opex into Efficient Public Lighting and Non-Efficient Public Lighting is not considered to represent Estimated Information. This is based on materiality as there isn't an alternative approach available which would provide materially different data. Related party margin information in table 8.4.2 is estimated because the margin was calculated based on both actual invoices and accruals.

Basis of Preparation
2020-21 Regulatory Year

9.5 TUoS Audit (t-2)

Preparation Methodology:

'TUOS charges (AEMO)' was populated based on AEMO monthly invoices.

To populate the table 'Transmission connection fees', a listing of connection fees was sourced from AusNet Services SAP financial system. No adjustments were required to be made to the fees.

Data reported as 'Cross boundary network charges' was sourced from invoices and supporting files.

- HV Crossings are receipts/payments for energy transferred utilising AusNet Services' HV and LV line assets /AusNet Services utilising other businesses HV and LV line assets.
- Sub-transmission Crossings are payments/receipts for the sub-transmission assets in shared loops that support each distributor's Zone Substation capacity to ensure N-1 reliability is maintained.
- TUoS Adjustment is payments/receipts for the adjustment of TUoS paid by a distributor for energy delivered to another distribution business through a shared loop.

The amounts (payable)/receivable from United Energy (Vic) are estimates based on the 6 months of 2018/19 and 6 months of 2019/20 completed payments. The (payable) and receivable amount for Jemena is based on metered data for each crossing. Essential Energy has billed AusNet Electricity Services to June 2021, except for one site where the invoice for June 2021 has not been provided. For this site, the invoice amount calculated is based of downloaded data from the relevant meters and Essential Energy's rates applicable for the relevant year. The amounts are based on monthly invoices and are therefore considered Actual Information.

'Payments to embedded generators – avoided TUoS usage charges', the listing of projects is sourced from records of generators connected to the network. The charges for all projects are based on actual charges for Regulatory Year 1 July 2020 – 30 June 2021. These amounts are considered Actual Information.

Estimated Information:

Information reported is Actual information. No estimates were required.

Basis of Preparation
2020-21 Regulatory Year

P1. Cost reflective tariffs

All NMI counts reported in sheet P1 reflect energised NMIs only.

P1.1 NMI count – by meter type

Preparation Methodology:

Type 1-3 and Type 5 meters were allocated into the relevant categories by cross-referencing an extract from the network metering database, which contains Type 1-4 meters (separately classified) by NMI, with an extract from the customer database (SAP CIS) which contains NMIs mapped to tariff codes. For example, all Type 3 NMIs (network metering database) which had a non-residential tariff (customer database) were allocated into section B of the table.

Type 6 meters were allocated into the relevant categories by extracting the number of 'basic' meters from the customer database and using the tariff code to map them into residential, non-residential (LV and HV).

Since the customer database is also the source for the total number of energised NMIs, Type 4 meters were a balancing figure between the total number of energised NMIs in the database, less Type 1-3, Type 5 and Type 6 meters.

Estimated Information:

All information reported is Actual Information. No estimates were required.

P1.2 NMI count – non-cost reflective tariffs – interval/smart meters

Preparation Methodology:

The starting point for this table was the total number of energised NMIs per tariff code, as reported in Table P1.3.

From P1.3, only non-cost reflective tariffs were included for reporting in Table P1.2 The total number of energised NMIs for these tariffs in P1.3 was reduced by the total number of Type 1-3 and Type 6 NMIs on the same tariffs.

Type 1-3 meters were derived by cross-referencing an extract from the network metering database, which contains Type 1-4 meters (separately classified) by NMI, with an extract from the customer database which contains NMIs mapped to tariff codes. For example, all Type 1-3 NMIs (network metering database) which had a tariff of, say, NEE40 (customer database) were deducted from the total number of NMIs on NEE40 (from Table P1.3).

Type 6 meters were derived by extracting the number of 'basic' meters from the customer database and using the tariff code to deduct them from the relevant tariff code in Table P1.2.

Estimated Information:

All information reported is Actual Information. No estimates were required.

Basis of Preparation
2020-21 Regulatory Year

P1.3 NMI count – by tariff type

Preparation Methodology:

This information was extracted from the customer database, which contains all NMIs by tariff code, by energised status. Only NMIs with an energised status of 'Energised' were selected for reporting.

Estimated Information:

All information reported is Actual Information. No estimates were required.