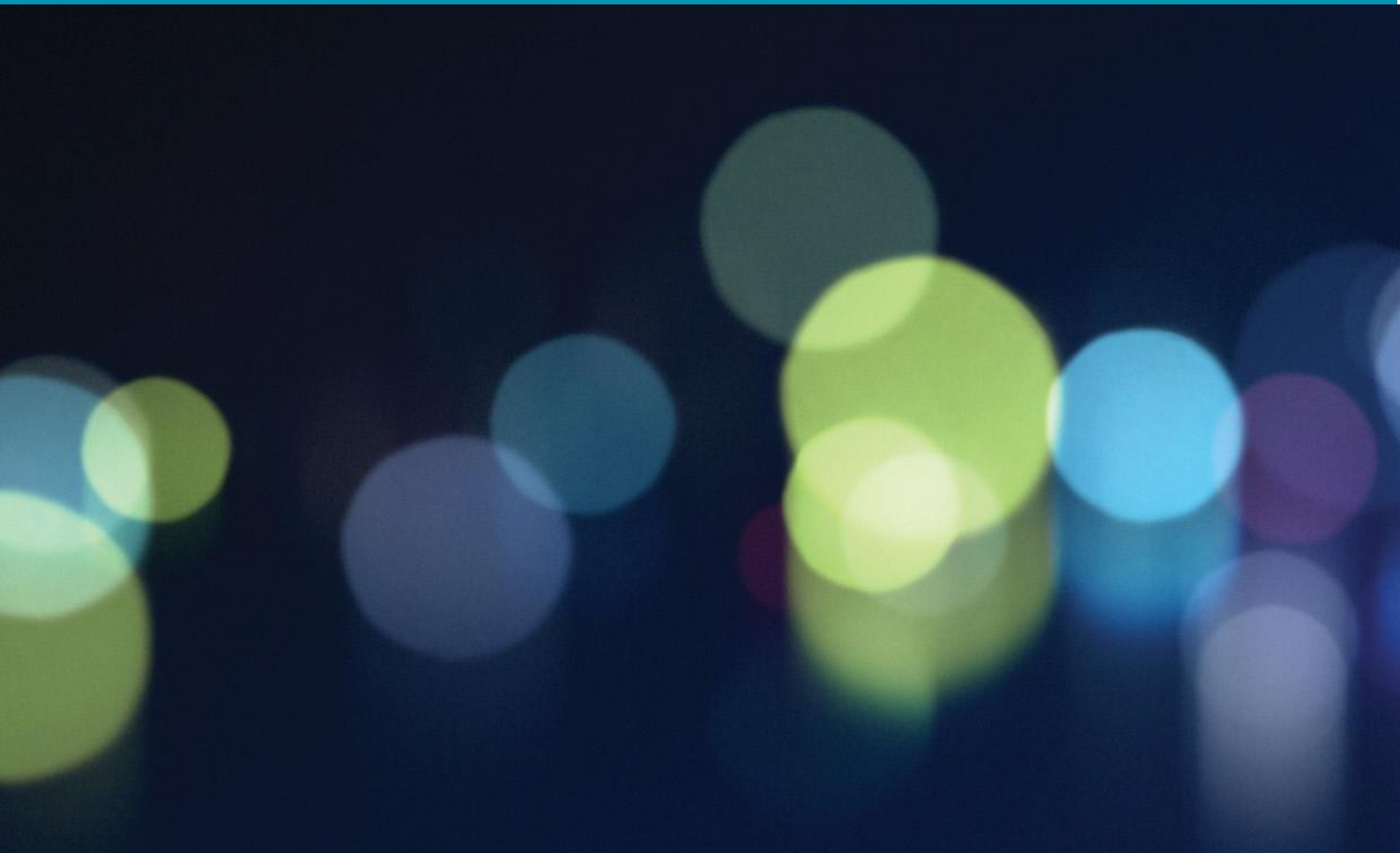




# Attachment 1 – Compliance checklist

Cost pass through application  
2019-20 bushfire disaster event



## Compliance checklist

This table specifies the location of the relevant information Endeavour Energy is required to provide and helps to demonstrate that this pass through application complies with the pass through provisions which are set out in clause 6.6.1 of the NER.

NER clause	Requirement	Information provided	Location
6.6.1(a1)	Identification as a pass through event. An event allowing for pass through of costs may be specified in the distribution determination.	The application confirms that the 2019-20 bushfire disaster event meets the 'natural disaster' event specified in Endeavour Energy's 2019-24 distribution determination.	Section 4.1
6.6.1(a)	A DNSP may seek AER approval to pass through the costs from a positive change event. To qualify as a positive change event the DNSP must have incurred materially higher costs in providing direct control services.	The application confirms that Endeavour Energy incurred materially higher costs in providing direct control services as a direct consequence of the bushfires. Accordingly, the 2019-20 bushfire disaster event qualifies as a positive pass through event.	Sections 4.1.2 and 4.2
6.6.1(c)	A DNSP must submit a written statement within 90 business days of the relevant positive change event occurring.	The AER has kindly granted a time extension for this application under clause 6.6.1(k) of the NER to allow the application to be submitted no later than 31 August 2020.	Section 2.1
6.6.1(c)(1)	The written statement must specify the details of the positive change event.	The details of the positive change event, being the scale and impact of the natural disaster (being the 2019-20 bushfire disaster event) is set out in the application.	Section 4.1.1
6.6.1(c)(2)	The written statement must specify the date on which the positive change event	As referenced above (see row 6.6.1(c)) this date and its rationale is provided.	Section 2.1

	occurred.		
6.6.1(c)(3)	The written statement must specify the eligible pass through amount, being the increase costs in the provision of direct control services as a result of the positive change event.	The application specifies the eligible pass through amount and details the adjustments made to ensure only incremental costs have been applied in calculating the pass through amount.	Section 6.1
6.6.1(c)(4)	The written statement must specify the proposed positive pass through amount.	The application includes a proposed positive pass through amount.	Section 6.5
6.6.1(c)(5)	The written statement must specify the amount proposed to be passed through in the regulatory year in which the event occurred in and in subsequent regulatory years.	The application proposes amounts to be passed through in FY22 to FY24 of the current regulatory period.	Section 6.6
6.6.1(c)(6)(i)	A DNSP must submit evidence of the actual and likely cost increases.	The application provides information on actual and forecast costs and a description of the bushfire response activities underpinning the increase in costs.	Sections 5.3, 5.4 and 6.2
6.6.1(c)(6)(ii)	A DNSP must submit evidence that the costs occur solely as a consequence of the positive change event.	The application describes the processes applied to determine actual and forecast incremental costs incurred as a consequence of the positive change event.	Section 6.3
6.6.1(c)(6)(iii)	Relates to circumstances where the positive change event is a retailer insolvency event.	Not applicable.	N/A
6.6.1(c)(7)	A DNSP must submit other information as required under any relevant regulatory instrument.	The application discusses our consideration of insurance coverage for	Section 4.1.5

	<p>Endeavour Energy's 2019-24 distribution determination notes that in assessing a natural disaster pass through application, the AER will have regard to the insurance held and whether that it represents a level that an efficient and prudent NSP would hold.<sup>1</sup></p>	<p>bushfire damage to network assets.</p>	
6.6.1(c1)	<p>Relates to the pass through amount including expenditure for a restricted asset.</p>	<p>Endeavour Energy has explored this, as noted in the application.</p>	<p>Section 6.3</p>

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<sup>1</sup> AER, Final decision – Endeavour Energy distribution determination 2019-24 – Overview, April 2019, p. 44



**Produced by Network Regulation branch**

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