

ENERGEX LIMITED

FEBRUARY-MARCH 2022 FLOOD EVENT COST PASS THROUGH APPLICATION

ATTACHMENT 5 - COMPLIANCE CHECKLIST

| NER clause | Requirement | Information Provided | Section |
|------------|---|---|------------------------|
| 6.6.1 (a) | <p>Identification of a pass-through event.</p> <p>An event allowing for pass through of costs may be determined in the distribution determination (sub 5)</p> | The application confirms that the February-March 2022 floods meet the 'natural disaster' event specified in Energex's distribution determination | Executive Summary, 4.3 |
| 6.6.1 (a) | A DNSP may seek AER approval for the pass through for a positive change event. To qualify as a positive change event the DNSP must have incurred materially higher costs (NER defined) in providing direct control services | The application confirms that Energex incurred materially higher costs in providing direct control services, and accordingly the event qualifies as a positive pass through event | 4.4.2 |
| 6.6.1 (c) | A DNSP must submit a statement (interchangeable term being application) within 90 business days of the relevant positive change event occurring | The application provides evidence on the period of the floods for the purposes of the pass through application The closing date for the application is 31 December 2022, being the date of the extension granted by the AER on 29 July 2022 in accordance with clause 6.6.1(k) | Executive Summary |
| (c)(1) | <p>The statement must specify:</p> <ul style="list-style-type: none"> 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 February March Flood Event) is set out in the application | 3 |
| | <ul style="list-style-type: none"> The date on which the positive change event occurred | The February March Flood Event spanned several days. The date of the event for the purpose of the cost pass through is provided with rationale | 4.4 |

| NER clause | Requirement | Information Provided | Section |
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| (c)(3) | <ul style="list-style-type: none"> 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 provides detail on incremental costs for direct control services, which constitutes the eligible pass through amount | 6, 7 |
| (c)(4) | <ul style="list-style-type: none"> The positive pass-through amount proposed | The application proposes a positive pass through amount | 7.4 |
| (c)(5) | <ul style="list-style-type: none"> The amount proposed to be passed through in the regulatory year in which the event occurred in subsequent regulatory years | The application proposes amounts to be passed through in the last year of the current regulatory control period | 7.5 |
| (c)(6)(i) | Evidence of: <ul style="list-style-type: none"> The actual and likely increases | Build-up of costs Attachment 1, including estimated capex amount noted at section 7.1. Further excel workbooks with general ledger extracts from the Flood Event including reconciliation to the incremental costs amount are available on request. | 6 Attachment 1 |
| (6)(ii) | <ul style="list-style-type: none"> that the costs occur solely as a consequence of the positive change event | The application describes the process to capture the Flood Event costs via a parent work order in the ERP – Ellipse. This ensured costs were captured solely as a consequence of the positive change event. Our process followed a review of the event costs, removal of non-incremental costs, and inclusion of estimates for capex. | 7.2 |
| (6)(iii) | <ul style="list-style-type: none"> relates to the circumstances where the cause of costs is a retailer insolvency event | Not applicable. The February March Flood Event is not a result of a retailer insolvency event. | 4.3 |

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|------------|---|---|---------|
| (c)(7) | <ul style="list-style-type: none"> other information as required under any relevant regulatory instrument The AER's Final Decision on Energex's distribution determination 2020 - 2025 notes that in assessing a natural disaster pass through application, it will have regard to the insurance held and whether that is efficient amount a prudent NSP would hold | The application discusses insurance considerations for natural disaster events such as the February March Flood Event | 4.4.3 |
| (9)(c1) | <ul style="list-style-type: none"> Relates to the pass through amount including expenditure for the restricted asset | Not applicable. | N/A |