

Compliance with Rule requirements

Regulatory proposal for the ACT electricity distribution network 2024–29

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Subject area	Rule requirement	Constituent decision	Regulatory proposal / attachment / appendix reference
Overview paper	6.8.2(c1)		Overview for consumers.
Single distribution system	6.8.2(e)		Regulatory proposal (Section 1.2 About Evoenergy).
Separate regulation	6.8.2(f)		Regulatory proposal (Section 1.2 About Evoenergy).
Consumer engagement	6.5.6(e)(5A) 6.5.7(e)(5A)		Regulatory proposal (Section 3 Consumer priorities and expectations). Attachment 1: Capital expenditure; Attachment 2: Operating expenditure; Attachment 7: Proposed Tariff Structure Statement.
Demand for services	6.5.6(a)(1) 6.5.7(a)(1) 6.5.6(c)(3) 6.5.7(c)(1)(iii)		Regulatory proposal (Section 4.1 Demand for our services). Appendix 1.16 Network Development Plan.

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Classification proposal	6.8.2(c)(1)	6.12.1(1)	Regulatory proposal (Appendix C: Classification proposal).
Building block proposal	6.3.1 6.8.2(c)(2)		Regulatory proposal (Section 4.4 Our forecast 2024–29 revenue).
<ul style="list-style-type: none"> • Annual revenue requirement for each regulatory year of the regulatory control period 	6.3.2(a)(1)	6.12.1(2)(i)	Regulatory proposal (Section 4.4 Our forecast 2024–29 revenue).
<ul style="list-style-type: none"> • Commencement and length of the regulatory control period 	6.3.2(a)(4) S6.1.3(13)	6.12.1(2)(ii)	Regulatory proposal (Section 4.4 Our forecast 2024–29 revenue).
<ul style="list-style-type: none"> • Asset exemption under clause 6.4B 	6.4B.1 6.4B.2	6.12.1(2A)	Not applicable. No asset exemption application is being made by Evoenergy in the regulatory proposal.
<ul style="list-style-type: none"> • Key assumptions that underlie the expenditure forecasts and certification of the reasonableness of the key assumptions by the directors 	S6.1.1(4) S6.1.1(5) S6.1.2(5) S6.1.2(6)		Regulatory proposal (Appendix B: Director certification of key assumptions).

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<ul style="list-style-type: none"> Forecast capex 	6.5.7	6.12.1(3) 6.12.1(3A)	Regulatory proposal (Section 4.2 Capital expenditure)./ AER SCS Standardised Capex Model Attachment 1: Capital expenditure.
	S6.1.1(1)(i)		Attachment 1: Capital expenditure; AER SCS Standardised Capex Model. The Model provides a breakdown of capex by year and asset class (PTRM tabs) and categories as well.
	S6.1.1(1)(ii)		Attachment 1: Capital expenditure and supporting appendices.
	S6.1.1(1)(iii)		Attachment 1: Capital expenditure. For large investments, the location of the asset is summarised in the project justification report (capex appendices e.g. for zone substations), the demand-driven augex business case (for HV feeders; Appendix 1.15) or in the relevant Asset Portfolio Strategy (for larger repex projects; Appendices 1.10-1.13).
	S6.1.1(1)(iv)		Attachment 1: Capital expenditure; AER SCS Standardised Capex Model which contains project costs for component projects of the program.
	S6.1.1(1)(v)		The capex proposal is for standard control services. The split between distribution and transmission capex is captured in the AER SCS Standardised Capex Model and Attachment 1: Capital expenditure, specifically Section 1.11 (Transmission capex).

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	S6.1.1(2)		Varies based on capex category as discussed in Attachment 1: Capital expenditure and the preceding Expenditure Forecasting Methodology submitted to the AER in 2022.
	S6.1.1.(3)		Attachment 1: Capital expenditure and supported in Appendix 1.16 Network Development Plan.
	S6.1.1(6)(i)		Regulatory proposal (Section 4.2 Capital expenditure); Appendix 1.1 2019–24 current period capital expenditure. (i) All commercial agreements are arm's length, as per Evoenergy's procurement policy as summarised in Appendix 1.2 Asset management.
	S6.1.1(6)(ii)		Capex and opex have been classified in accordance with the AER approved CAM and Evoenergy's capitalisation policy.
	S6.1.1(7)		Attachment 1: Capital expenditure in capex category sections. The largest variation is for augex, which has been addressed in Attachment 1 and accompanying appendices, e.g. Marsden Jacobs Associates, Evoenergy Net Zero Modelling Journey (Appendix 1.4).
	S6.1.1.(8)		Attachment 1: Capital expenditure, however Evoenergy's capitalisation policy is kept as an internal policy. Evoenergy may engage further with the AER if required to produce.
<ul style="list-style-type: none"> Determination of a contingent project 	S6.1.3(14)	6.12.1(4A)	Regulatory proposal (Section 4.2 Capital expenditure).

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	6.6A.1(a)		Attachment 1: Capital expenditure; Appendix D Capex uncertainty discuss the contingent project and relevant accompanying information (e.g. triggers).
<ul style="list-style-type: none"> • Forecast opex 	6.5.6(a)(1)		Attachment 2: Operating expenditure; Appendix 2.1: Base year efficiency. In preparing the opex forecast, Evoenergy captured maximum demand based on revised historical data, and has trended the base year to account for expected changes in output growth, including for customer numbers and system capacity.
	6.5.6(a)(2)		Attachment 2: Operating expenditure; Appendix 2.6 Security of Critical Infrastructure step change. Evoenergy's base year opex allows it to meet existing obligations. Costs associated with new obligations relating to SOCI and DER have been accounted for in the proposed step changes.
	6.5.6(a)(3)(i)		Attachment 2: Operating expenditure; Appendix 1.6 Quality of Supply Strategy; Appendix 1.14 Network Reliability Strategy. Evoenergy has regulatory obligations related to the quality, reliability, and security of supply.
	6.5.6(a)(3)(ii)		Attachment 2: Operating expenditure; Appendix 2.6 Security of Critical Infrastructure step change.

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			Evoenergy has regulatory obligations related to the reliability and security of the distribution system, such as under the Security of Critical Infrastructure Act.
	6.5.6(a)(3)(iii) 6.5.6(a)(3)(iv)		Attachment 2: Operating expenditure. Evoenergy's base year opex allows it to meet existing reliability, safety, and security standards supplied through standard control services. Additional costs associated with quality and security obligations are captured in the DER and SOCI step changes.
	6.5.6(a)(4)		Attachment 2: Operating expenditure. Evoenergy's base year opex, which has been trended forward, allows it to maintain the safety of the distribution system.
	6.5.6(b)(1)		Attachment 2: Operating expenditure. The opex forecast has been prepared in accordance with the AER's Reset Regulatory Information Notice definitions.
	6.5.6(b)(2)		Attachment 2: Operating expenditure. The opex forecast has been prepared based on costs allocated to standard control services in accordance with the AER approved CAM.
	6.5.6(b)(3)(i)-(ii)		Attachment 2: Operating expenditure; SCS opex model.

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			The total opex forecast, including for each regulatory year of the regulatory control period, is detailed in Attachment 2: Operating expenditure, which is supported with calculations included in the SCS opex model.
	6.5.6(c)(1)		Attachment 2: Operating expenditure; Appendix 2.1 Base year efficiency. The opex forecast is derived using the AER's preferred base-step-trend approach, accounting for an assessment of opex base year efficiency, including benchmarking limitations and corrected data.
	6.5.6(c)(2)		Attachment 2: Operating expenditure; Appendix 2.1 Base year efficiency. Evoenergy's opex base year reflects prudent costs that would reasonably be expected of a business operating under the same circumstances. The trend reflects prudent costs based on price inputs, network growth, and industry productivity improvements. The step changes for insurance premiums, DER, and SOCI all reflect prudent costs that Evoenergy expects to incur.
	6.5.6(c)(3)		Attachment 2: Operating expenditure; Appendix 1.7 Labour Escalation Forecasts. Evoenergy's opex forecast captures a conservative expectation of demand and labour cost inputs in the price and output growth components of the trend.
	6.5.6(e)(4)		Attachment 2: Operating expenditure; Appendix 2.1 Base year efficiency.

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			<p>Evoenergy has considered the most recent Annual Benchmarking Report and the benchmark opex that would be incurred by an efficient DNSP. Evoenergy has noted the limitations of the AER's benchmarking approach, including OEFs and not accounting for recent AER-approved prudent and efficient step changes in the opex roll forward methodology. Evoenergy has updated the benchmarking analysis to account for all prudent and efficient costs, and for corrected demand data.</p>
	6.5.6(e)(5)		<p>Attachment 2: Operating expenditure; SCS opex model.</p> <p>Evoenergy has presented its actual and estimated opex performance over the historical and current regulatory control period in its analysis.</p>
	6.5.6(e)(5)(A)		<p>Attachment 2: Operating expenditure.</p> <p>Evoenergy has addressed the concerns of end users throughout the consumer engagement process, with detailed responses included in Attachment 2: Operating expenditure.</p>
	6.5.6(e)(6)		<p>Attachment 2: Operating expenditure; Appendix 1.2 Asset Management.</p> <p>Evoenergy manages assets in accordance with risk management approaches to deliver sustainable and cost-efficient network investments offering continuous improvement while maintaining safety and reliability.</p>
	6.5.6(e)(7)		<p>Appendix 1.2 Asset Management.</p>

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			Evoenergy's Asset Management System describes the process that underpins the asset management objectives and decision-making process throughout the asset life cycle.
	6.5.6(e)(8)		Attachment 2: Operating expenditure. Evoenergy has proposed that incentive schemes apply during the 2024–29 regulatory period, including the EBSS, CESS, DMIA, DMIS, STIPIS, CSIS, and its opex forecast has been prepared in the context of these schemes applying.
	6.5.6(e)(9)		Attachment 2: Operating expenditure. Evoenergy has established commercially prudent outsourcing and procurement practices, ensuring that the opex forecast is based on arrangements that reflect arm's length terms.
	6.5.6(e)(9A)		Not applicable as Evoenergy's opex forecast does not include any such amounts.
	6.5.6(e)(10)		Attachment 2: Operating expenditure. Evoenergy's stand-alone power system related expenditure is included in the base year opex, and therefore, accounted for in the opex forecast.
	6.5.6(e)(11)		Not applicable.

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	6.5.6(e)(12)		Evoenergy has not been notified by the AER of any additional opex factors.
	S6.1.2(1)(i)-(iv)		Opex analysis included in Attachment 2: Operating expenditure identifies the opex forecast by reference to operating categories, including information about fixed and variable costs.
	S6.1.2(2)		Attachment 2: Operating expenditure. Evoenergy has adopted the AER's preferred base-step-trend forecasting approach, in accordance with the Expenditure Forecast Assessment Guideline and the Expenditure Forecasting Methodology 2024–29.
	S6.1.2(3)		Attachment 2: Operating expenditure. Each of the inputs used for deriving Evoenergy's opex forecast are detailed in Attachment 2, with additional information included for base year efficiency (Appendix 2.1), input prices (Appendix 1.7), and step changes (Appendices 2.3, 2.5, 2.6).
	S6.1.2(4)		Not applicable.
	S6.1.2(7)		Attachment 2: Operating expenditure; SCS opex model.
	S6.1.2(8)		Attachment 2: Operating expenditure explains variations of opex from the current to next regulatory control period.

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	S6.1.3(1)		Attachment 1 Capital expenditure; Appendix 1.2 Asset Management – describes Asset Management System and capex/opex decisions (e.g. replace or maintain assets); Attachment 2: Operating expenditure.
<ul style="list-style-type: none"> • Explanation of interactions between the forecast capex and forecast opex programs 	S6.1.3(1)		Attachment 1: Capital expenditure; Attachment 2: Operating expenditure.
<ul style="list-style-type: none"> • RAB as at commencement of the regulatory control period in accordance with clause 6.5.1 	S6.1.3(7) 6.5.1	6.12.1(6)	Regulatory proposal (Section 4.4 Our forecast 2024–29 revenue). Attachment 3: Revenue and bill impacts.
<ul style="list-style-type: none"> • Allowed rate of return for each regulatory control year of the regulatory control period in accordance with clause 6.5.2 	S6.1.3(9) 6.5.2	6.12.1(5)	Regulatory proposal (Section 4.4 Our forecast 2024–29 revenue). Attachment 3: Revenue and bill impacts.
<ul style="list-style-type: none"> • Estimated cost of corporate income tax for each regulatory year of the regulatory control period in accordance with clause 6.5.3 	S6.1.3(11) 6.5.3	6.12.1(7)	Regulatory proposal (Section 4.4 Our forecast 2024–29 revenue). Attachment 3: Revenue and bill impacts.
<ul style="list-style-type: none"> • Allowed imputation credits for each regulatory year of the regulatory control period 	S6.1.3(9A)	6.12.1(5A)	Regulatory proposal (Section 4.4 Our forecast 2024–29 revenue). Attachment 3: Revenue and bill impacts.
<ul style="list-style-type: none"> • Depreciation schedules nominated for the purposes of clause 6.5.5(b) 	S6.1.3(12)	6.12.1(8)	Regulatory proposal (Section 4.4 Our forecast 2024–29 revenue).

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	6.5.5		Attachment 3: Revenue and bill impacts.
<ul style="list-style-type: none"> • Form of the control mechanisms including X factors and formulae giving effect to those control mechanisms 	S6.1.3(6) 6.2.6	6.12.1(11) 6.12.1(13)	Regulatory proposal (Section 4.4 Our forecast 2024–29 revenue). Attachment 3: Revenue and bill impacts. Attachment 5: Control mechanisms.
<ul style="list-style-type: none"> • Application of incentive schemes 	S6.1.3(3) S6.1.3(3A) S6.1.3(4) S6.1.3(5) S6.1.3(5A)	6.12.1(9)	Regulatory proposal (Section 4.5 Other matters - Incentive schemes). Attachment 4: Incentive schemes.
<ul style="list-style-type: none"> • Recovery of jurisdictional scheme amounts for each regulatory year of the regulatory control period 		6.12.1(20)	Attachment 5: Control mechanisms.
<ul style="list-style-type: none"> • Recovery of designated pricing proposal charges for each regulatory year of the regulatory control period 	6.18.7	6.12.1(19)	Attachment 5: Control mechanisms.
<ul style="list-style-type: none"> • PTRM completed to show its application to the DNSP and the completed RFM 	S6.1.3(10)		Distribution and Transmission PTRMs. Distribution and Transmission RFMs.

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<ul style="list-style-type: none"> Proposal as to events that should be defined as pass through events under clause 6.5.10 	6.5.10	6.12.1(14)	Regulatory proposal (Section 4.5 Other matters - Pass through events).
Application of control mechanism for Alternative Control Services (ACS)	6.8.2(c)(3)	6.12.1(12) 6.12.1(13)	Regulatory proposal (Section 6 Alternative control services). Attachment 7: Proposed Tariff Structure Statement (ACS section).
Proposed negotiating framework Negotiated distribution service criteria	6.7.5 6.8.2(c)(5)	6.12.1(15) 6.12.1(16)	Regulatory proposal (Section 4.6 Negotiation framework for negotiated services). Regulatory proposal (Appendix N: Proposed negotiating framework).
Proposed connection policy	6.8.2(c)(5A)	6.12.1(21)	Regulatory proposal (Section 4.7 Connection policy). Regulatory proposal (Appendix M: Connection policy).
Information required by Expenditure Forecast Assessment Guidelines	6.8.2(c2) 6.4.5		Attachment 1: Capital expenditure. Attachment 2: Operating expenditure.
Information required by a regulatory information instrument	6.8.2(d)		RIN Appendix 1: Compliance with Reset RIN.

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Proposed Tariff Structure Statement (TSS)	6.8.2(d1) 6.8.2(d2)	6.12.1(14A)	Regulatory proposal (Section 5 Network tariffs). Attachment 7: Proposed Tariff Structure Statement. Appendix 7.2: SCS Indicative Pricing Schedule.
TSS compliance with pricing principles	6.8.2(c)(7) 6.8.2(d2) 6.18.5		Regulatory proposal (Section 5 Network tariffs). Attachment 7: Proposed Tariff Structure Statement.
Policies and procedures for assigning retail customers to tariff classes, or reassigning retail customers from one tariff class to another	6.18.1A(2)	6.12.1(17)	Attachment 7: Proposed Tariff Structure Statement.
Proposed pricing methodology for transmission standard control services (if rule 6.26 applies)	6.26	6.12.1(17A)	Attachment 5: Control mechanisms. Appendix 5.1: Transmission pricing methodology.
Whether depreciation for establishing the RAB as at the commencement of the following regulatory control period is to be based on actual or forecast capex	S6.2.2B	6.12.1(18)	Regulatory proposal (Section 4.4 Our forecast 2024–29 revenue). Attachment 3: Revenue and bill impacts.

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Shared assets	6.4.4 Shared asset guidelines		Attachment 3: Revenue and bill impacts.
Confidential information	6.8.2(c)(6)		Regulatory proposal (Appendix P: Confidentiality claim).