

Murraylink Transmission Partnership
ABN 79 181 207 909

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For the year ended 30 June 2016

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DIRECTORS' RESPONSIBILITY STATEMENT FOR REGULATORY ACCOUNTING STATEMENTS

In the opinion of the directors of the partners of the Murraylink Transmission Partnership:

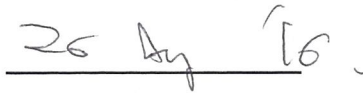
- * the regulatory accounting statements, other statements, schedules, and work papers set out on pages 2 to 29, as required by the Australian Energy Regulator's *Electricity Transmission Network Service Provider Information Guidelines*, Version 2 issued 2 April 2015;
 - * are drawn up to present fairly the results of each business segment for the year ended 30 June 2016;
 - * are drawn up to present fairly information concerning the state of affairs at 30 June 2016, of each business segment;
 - * have been made out in accordance with applicable and appropriate accounting principles and policies; and
 - * have been prepared in accordance with the requirements, set out in the *Australian Energy Regulator's Electricity Transmission Network Service Provider Information Guidelines* referred to above.
- * information concerning all related party transactions required by paragraph 4.14 of the guidelines has been complied with.
- * no third party benefit transactions arose during the year ended 30 June 2016 that require disclosure under paragraph 4.15 of the guidelines.

The terms and definitions used in this statement accord with the definitions set out in the *Australian Energy Regulator's Electricity Transmission Network Service Provider Information Guidelines* referred to above.

Signed in accordance with a resolution of directors of the partners:



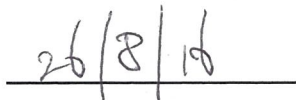
Director



Dated



Director



Dated

NOTES TO THE ACCOUNTS

For the year ended 30 June 2016

1 Statement of Significant Accounting Policies

Financial reporting framework

The Murraylink Transmission Partnership ("Partnership") is not a reporting entity because, in the opinion of the directors of the Partners, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, these regulatory accounting statements have been prepared to satisfy the directors' reporting requirements under the Australian Energy Regulator's Electricity Transmission Network Service Provider Information Guidelines, Version 2 issued 2 April 2015 ("Information Guidelines 2015").

The Partnership has not prepared and lodged a statutory financial report with ASIC. In the absence of a statutory financial report, financial information for the Partnership (referred to as the "statutory account equivalent") has been prepared based on its Trial Balance.

As the Partnership is not liable for income tax (income tax is paid by the partners) the regulatory accounting statements do not contain income tax related balances.

Profits of the Partnership are allocated to the partners based on their share in the Partnership.

Statement of compliance

The regulatory accounting statements have been prepared in accordance with the Information Guidelines 2015 and the basis of accounting specified by all Australian Accounting Standards (AASBs) and Interpretations, except where inconsistent with the code. The regulatory accounting statements have been prepared in accordance with the disclosure requirements of the Information Guidelines 2015 (subject to the exemption granted to clause 4.16, refer to note 3 for further details) and therefore do not necessarily include all disclosures required by Accounting Standards.

Basis of preparation

The regulatory accounting statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

All amounts are presented in Australian dollars, unless otherwise noted.

Note - In preparing these statements areas which were greyed in the regulator's templates were not completed based on instructions from the regulator.

Note - If a cell in a specific row or column is blank or empty a zero value should be assumed.

Critical accounting judgements and key sources of estimation uncertainty

In the application of AASBs, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances, the results of which form the basis of making judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Refer to Note 2 for a discussion of critical judgements in applying the entity's accounting policies, and key sources of estimation uncertainty.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the regulatory accounting statements for the year ended 30 June 2016.

These regulatory accounting statements have been prepared on a going concern basis.

NOTES TO THE ACCOUNTS (cont.)

For the year ended 30 June 2016

1 Statement of Significant Accounting Policies (cont.)

(a) Trade and other receivables

Trade receivables, loans and other receivables are recorded at amortised cost less impairment.

An allowance for doubtful debts is raised when the collection of the full amount of the debt is no longer probable.

Bad debts are written off when identified.

(b) Property, plant and equipment

Items of property, plant and equipment are initially brought to account at cost in the statutory accounts equivalent. For major qualifying assets, cost includes, where applicable, finance and other costs incurred during construction.

Property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the financial year the asset is derecognised.

In the statutory accounts equivalent property, plant and equipment, other than freehold land, leasehold improvements and surplus properties held for sale, are depreciated on a straight line basis at rates based upon the expected useful lives of the assets. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

Land and buildings

* Buildings	45 years
* Site improvements	45 years
* Transportable office	30 years

Plant and equipment

* Cables	60 years
* Converters - transmission equipment	45 years
* Converters - electronics and control systems	25 years
* Spares	45 years
* Other plant and equipment	3 to 20 years

Adjustments are made to the statutory accounts equivalent property, plant and equipment value and depreciation to reflect the regulatory asset value and regulatory depreciation.

(c) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

(i) Sales Revenue

Sales revenue is recognised in the month it relates to and represents revenue earned for the transmission of electricity.

(ii) Sale of Non-Current Assets

The net profit / (loss) on the sale of non-current assets is included as income at the date control of the assets passes to the buyer. This is usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

NOTES TO THE ACCOUNTS (cont.)

For the year ended 30 June 2016

1 Statement of Significant Accounting Policies (cont.)

(d) Impairment

At each statutory reporting date, the carrying amount of assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

(e) Trade and other payables

Trade and other payables, including accruals, are recognised when the Partnership becomes obliged to make future payments principally as a result of purchases of goods and services. These liabilities are measured at amortised cost.

(f) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included, except for accrued payables and receivables at balance date which exclude GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

2 Critical accounting judgements and key sources of estimation uncertainty

Key sources of estimation uncertainty

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of assets

Determining whether property, plant and equipment, identifiable intangible assets and goodwill is impaired requires an estimation of the value-in-use of the cash-generating units. The value-in-use calculation requires the Partnership to estimate the future cash flows expected to arise from cash-generating units and suitable discount rates in order to calculate the present value of cash-generating units.

Useful lives of non-current assets

The Partnership reviews the estimated useful lives of property, plant and equipment at the end of each annual calendar reporting period.

Any reassessment of useful lives in a particular year will effect the depreciation or amortisation expense recognised on a prospectus basis.

3 Exemptions granted from the reporting requirements of the Information Guidelines 2015

On 21 September 2015, the Australian Energy Regulator granted an exemption from the disclosure requirement of clause 4.16.

The exemption will apply until such time the Australian Energy Regulator provides further guidance of the behaviours to be reported under clause 4.16 of the Information Guidelines 2015.

INCOME STATEMENT - PRESCRIBED TRANSMISSION SERVICES

For the year ended 30 June 2016

Description	Disaggregation Statement - Prescribed Transmission Services	Journal number	Regulatory adjustments	Regulatory financial statements	Support reference
Network charges	\$'000		\$'000 Dr/(Cr)	\$'000	
Total Revenue	13,569			13,569	<u>DISAGG.Inc</u>
Opex costs					
NETWORK OPERATIONS & MAINTENANCE					
Operating & Maintenance Costs	1,896			1,896	<u>DISAGG.Inc</u>
Commercial Management Fees	377			377	<u>DISAGG.Inc</u>
OTHER COSTS					
Insurance	549			549	<u>DISAGG.Inc</u>
Connection fees	971			971	<u>DISAGG.Inc</u>
Staff Costs	57			57	<u>DISAGG.Inc</u>
Tax on Property & Capital	2			2	<u>DISAGG.Inc</u>
Accounting/Audit Fees	11			11	<u>DISAGG.Inc</u>
Legal Fees	4			4	<u>DISAGG.Inc</u>
Other	1			1	<u>DISAGG.Inc</u>
Depreciation	2,593	<u>GJ01</u>	(369)	2,224	<u>DISAGG.Inc</u>
Impairment					
Amortisation	42	<u>GJ01</u>	(42)	0	<u>DISAGG.Inc</u>
Earnings before Interest and Tax (EBIT)	7,066		(411)	7,477	

Note:

In addition it is mandatory to produce for each cost or revenue item that has been allocated to the **Prescribed Services Segment** a supporting workpaper that includes the following:

- a) the amounts that have been directly attributed to the **Prescribed Services Segment**
- b) the amounts that have been allocated to each **Prescribed Services Segment**
- c) a description of the allocation basis
- d) the numeric quantity of each allocator.

Numbers may not add due to rounding.

DISAGGREGATION STATEMENT - INCOME

For the year ended 30 June 2016

Description	Statutory Accounts Equivalent	Prescribed Transmission Services \$'000	Negotiated Transmission Services \$'000	Non-Regulated Transmission Services \$'000	Not Allocated	Workpaper reference
Other Income	124			124		PTS Rev
Electricity Transmission - Fixed	13,569	13,569			\$'000	PTS Rev
Total Revenue	13,693	13,569		124		
Opex costs						
NETWORK OPERATIONS & MAINTENANCE						
Operating & Maintenance Costs	1,896	1,896				DISAGG Opex
Commercial Management Fees	377	377				DISAGG Opex
OTHER COSTS						
Insurance	549	549				DISAGG Opex
Connection fees	971	971				DISAGG Opex
Staff Costs	57	57				DISAGG Opex
Tax on Property & Capital	2	2				DISAGG Opex
Accounting/Audit Fees	11	11				DISAGG Opex
Legal Fees	4	4				DISAGG Opex
Other	1	1				DISAGG Opex
Depreciation	2,593	2,593				DISAGG Opex
Impairment						
Amortisation	42	42				
Earnings before Interest and Tax (EBIT)	7,189	7,066		124		

Note:

In addition it is mandatory to produce for each cost or revenue item that has been allocated to the **Prescribed Services Segment** a supporting workpaper that includes the following:

- a) the amounts that have been directly attributed to the **Prescribed Services Segment**
- b) the amounts that have been allocated to the **Prescribed Services Segment**
- c) a description of the allocation basis
- d) the numeric quantity of each allocator.

Numbers may not add due to rounding.

OPERATIONS AND MAINTENANCE EXPENDITURE

For the year ended 30 June 2016

This proforma summarises a TNSP's actual annual capital expenditure.	Account Heading	Ticks to indicate which rows are intersegmental costs	Prescribed Transmission Services	Negotiated Transmission Services	Not Allocated	Total
			\$'000	\$'000	\$'000	\$'000
	Directly Attributed Costs					
	NETWORK OPERATIONS					
	<u>Operating & Maintenance Costs</u>					
570010, 572270 & 572280	Agreed Costs - Major Contractor		1,896			1,896
	TOTAL Operating & Maintenance		1,896			1,896
	<u>Commercial Management Fees</u>					
'572300	Commercial Management Fees		377			377
	TOTAL Commercial Management Fees		377			377
	TOTAL NETWORK OPERATIONS & MAINTENANCE		2,273			2,273
	OTHER COSTS					
	<u>Insurance</u>					
685010	Insurance		549			549
	TOTAL Insurance		549			549
	<u>Connection fees</u>					
630130	Utilities - Electricity / Gas / Water		971			971
	TOTAL Connection fees		971			971
	<u>Staff Costs</u>					
	Consultants		57			57
	TOTAL Staff Costs		57			57
	<u>Tax on Property & Capital</u>					
630090	Property - Rates & Taxes		2			2
	TOTAL Tax on Property & Capital		2			2
	<u>Accounting/Audit Fees</u>					
640010	Accounting Fees - Audit		11			11
	TOTAL Accounting/Audit Fees		11			11
	<u>Legal Fees</u>					
640040	Legal Fees - Deductible		4			4
	TOTAL Legal Fees		4			4
	<u>Other</u>					
687020 & 689110	Pipeline / Asset Licence Fees		1			1
	TOTAL Other		1			1
	TOTAL OTHER COSTS		1,596			1,596
	Subtotal of <i>Directly Attributed</i> costs		3,868			3,868
	Allocated Costs					
	<i>Basis of allocation</i>	<i>Work paper Ref.**</i>				
	Causal / Non-Causal*					
	Subtotal of Allocated costs					
	Total Opex Costs per DISAGG FPerf		3,868			
					Total	3,868

Explanation of opex costs required by the **Commission** (for example, bushfire costs, insurance etc)

* Delete as appropriate

** For each **Account Heading** item subject to **Causal** allocation, ensure that it is included on a workpaper Alloc 1
 For each **Account Heading** item subject to **Non-Causal** allocation, ensure that it is included on a workpaper Alloc 2

Note: Where **Intersegmental** costs arise, the total costs of all **Business Segments** will be greater than the costs in the **Base Accounts**. **This is why the reconciliation to the Base Accounts is required on this schedule.**

Numbers may not add due to rounding.

CAUSAL ALLOCATION

For the year ended 30 June 2016

1. Causal basis of allocation - The causal allocation does not apply to Murraylink as it is a single transmission line operation with one business segment. All the costs incurred are allocated to the prescribed transmission services without exception.

NON-CAUSAL ALLOCATION

For the year ended 30 June 2016

1. Non-causal basis of allocation - The non-causal allocation does not apply to Murraylink as it is a single transmission line operation with one business segment. All the costs incurred are allocated to the prescribed transmission services without exception.

REGULATORY ADJUSTMENT JOURNALS - PRESCRIBED TRANSMISSION SERVICES

For the year ended 30 June 2016

Journal number	Account Debited	Amount		Supporting Statement No.
		Debit \$'000	Credit \$'000	
GJ01	Equity		27,277	
	Property, Plant & Equipment - Cost		81,749	
	Property, Plant & Equipment - Accumulated Depreciation	109,522		
	Depreciation (Book)		2,593	
	Depreciation (Regulatory)	2,224		
	Other intangible assets (closing balance)		84	
	Other intangible assets - amortisation		42	
	(Being adjustment made on the written down value of the assets to bring it in line with the net regulatory values of assets at the end of regulatory reporting period)	111,745	111,745	

Note:

This schedule must contain for each Regulatory Adjustment made on the Income Statement, the following:

- a) a journal entry showing accounts debited and credited
- b) an explanation of why the adjustment has been made.

Numbers may not add due to rounding.

**PRICE REDUCTION/RECOVERY - PRESCRIBED TRANSMISSION
SERVICES**

For the year ended 30 June 2016

The price reduction/recovery for the prescribed transmission services is not applicable to Murraylink Transmission Partnership.

PRUDENT DISCOUNTS - PRESCRIBED TRANSMISSION SERVICES

For the year ended 30 June 2016

Murraylink Transmission Partnership did not have any discounts issued or paid during the period.

REVENUE ANALYSIS - PRESCRIBED TRANSMISSION SERVICES

For the year ended 30 June 2016

Account code or reference	Tariff Category	Amount of electricity transmitted	Revenue
410020	Electricity Generation - Other Electricity Transmission - Fixed	GWh	\$'000
411000			124
			13,569
	Total		13,693

Note that Murraylink is not directly metered, thus the amount of GWh transmitted is not directly metered by Murraylink.

**ASSET AGING SCHEDULE -
PRESCRIBED TRANSMISSION SERVICES**

As at 30 June 2016

Asset class	Useful life remaining (years after Regulatory Accounting Date)					
	Total \$'000	1-5 \$'000	6-10 \$'000	11-15 \$'000	16-20 \$'000	>20 \$'000
Switchyard	57,242	4,250	6,523	9,298	12,194	24,977
Transmission Line	41,186	2,878	4,380	6,239	8,483	19,206
Easements	5,586	0	0	0	0	5,586
Total net regulatory value	104,013	7,128	10,903	15,536	20,677	49,769

NB: Real Straightline Nominal Depreciation from the PTRM model used

Numbers may not add due to rounding.

SUMMARY OF PROVISIONS

As at 30 June 2016

Murraylink Transmission Partnership does not have any provisions to report in the period.

**PROVISIONS RECONCILIATION -
PRESCRIBED TRANSMISSION SERVICES**

As at 30 June 2016

Murraylink Transmission Partnership does not have any provisions to report in the period.

RELATED PARTY TRANSACTIONS

As at 30 June 2016

The names of the entities who are partners of the Murraylink Transmission Partnership as at 30 June 2016 are:

Murraylink (No.1) Pty Ltd (formerly SNC - Lavalin Investment Australia Pty Ltd)
 Murraylink (No. 2) Pty Ltd (formerly Murraylink HQI Australia Pty Limited)
 Murraylink Transmission Company Pty Ltd

Details of related party	Description of transaction	Prescribed \$'000	Procurement process \$'000	Monetary value of transaction \$'000
	Expenses			
APT Management Services	Direct insurance cost	500		500
APA Operations (EII)	Direct and indirect costs incurred under the Management, Operation and Maintenance and Commercial Services Agreement between the Murraylink Transmission Partnership and APA Operations (EII) Pty Limited as operator. Indirect costs are allocated based on the % of the revenue the asset contributes to total EII Group revenue.	2,412		2,412

Balances with related parties at regulatory accounting date				
		\$'000	\$'000	\$'000
	Current assets			
	Non-current assets			
	Total assets			0
	Current liabilities			
	Non-current liabilities			
	Total liabilities			0

Commitments with related parties at regulatory accounting period				
Value of commitments with related parties that are expected to result in related party transactions in future regulatory accounting periods:				
		Recognised as liabilities \$'000	Not recognised as liabilities \$'000	Total \$'000
	Payable:			
	Not later than one year			
	Later than one year and not later than five years			
	Later than five years			
	Total commitments			

NB: For the purposes of the "RELATED PARTY TRANSACTIONS" reporting template, only "prescribed" transactions and balances with related parties have been disclosed.

Numbers may not add due to rounding.

REVENUE RECONCILIATION

As at 30 June 2016

Applicable for the period 1 July 2015 - 30 June 2016

Description	Unit type	Unit
CPI (March Tx)	CPI – All Groups Weighted Average of 8 Capital Cities (ABS)	105.40
CPI (March Tx+1)	As above	106.80
Change in CPI	Per cent	1.33
X-factor	Per cent	1.20
AR (Tx)	\$	13,571,068
AR (Tx+1)	\$	13,408,215
S-factor (Tx)		160,778
Under/over recovery AR (Tx)	\$±	0.00
Revenue Cap Tx+1	\$	13,568,993

HISTORIC OPEX by expenditure category

Nominal	Financial year \$'000	Note 1		Note 2		Note 2		Note 2		Year 5 (FY17/18)	Total	Revenue Cap Allowance	Key cost drivers and explanation for material differences over time
		Year 1 (FY13/14)	Year 2 (FY14/15)	Year 3 (FY15/16)	Year 4 (FY16/17)	Year 5 (FY17/18)	Year 5 (FY17/18)						
Network operations and maintenance													
Operating and maintenance costs			2,275	1,896							4,172		
Management fees and expenses			404	377							780		
Total Network operations and maintenance			2,679	2,273							4,952		
Other costs													
Insurance			612	549							1,162		
Connection fees			995	971							1,967		
Tax on property			2	2							4		
Accounting/audit fees			10	11							21		
Other costs			1	1							2		
Total other costs			1,621	1,534							3,155		
Total operating expenditure			4,300	3,807							8,107		
Revenue Cap Allowance - Controllable opex			3,890	3,974							7,864		

Numbers may not add due to rounding.

Note 1

On the 2nd of April 2015 the Australian Energy Regulator released the "Final Electricity Transmission Network Service Providers Information Guideline" - Version 2. As this document was released on the 2 April 2015, it has not been retrospectively applied to the financial years prior to 2 April 2015.

Note 2

The Financial Year ended 30 June 2015 is the 2nd year of the current Regulatory Control Period and the Financial Year ended 30 June 2016 is the 3rd year of the current Regulatory Control Period.

HISTORIC OPEX by expenditure category

Nominal	Year 1 (FY13/14)			Revenue Cap Allowance	Key cost drivers and explanation for material differences over time
	Routine	Conditioned- Based	Corrective		
Network operations and maintenance	\$000	\$000	\$000		
Operating and maintenance costs				-	
Management fees and expenses				-	
Total Network operations and maintenance					
Other costs					
Insurance					
Tax on property					
Accounting/audit fees					
Other costs					
Total other costs					
Total operating expenditure					
Revenue Cap Allowance - Controllable opex					

Numbers may not add due to rounding.

Please note:

On the 2nd of April 2015 the Australian Energy Regulator released the "Final Electricity Transmission Network Service Providers Information Guideline" - Version 2. As this document was released on the 2 April 2015, it has not been retrospectively applied to the financial years prior to 2 April 2015, therefore the above schedule has intentionally been left blank.

The Financial Year ended 30 June 2014, is the 1st year of the current Regulatory Control Period which is for a 5 year period.

HISTORIC OPEX by expenditure category

Nominal	Year 2 (FY14/15)			Key cost drivers and explanation for material differences over time
	Routine \$000	Conditioned- Based \$000	Corrective \$000	
Network operations and maintenance				
Operating and maintenance costs	1,493	646	136	2,275
Management fees and expenses	404			404
Total Network operations and maintenance	1,897	646	136	2,679
Other costs				
Insurance	612			612
Connection fees	995			995
Tax on property	2			2
Accounting/audit fees	10			10
Other costs	1			1
Total other costs	1,621	-	-	1,621
Total operating expenditure	3,518	646	136	4,300
Revenue Cap Allowance - Controllable opex				3,890

Numbers may not add due to rounding.

Please note:

The Financial Year ended 30 June 2015, is the 2nd year of the current Regulatory Control Period which is for a 5 year period.

Operating and maintenance costs disclosed in the categories of "Routine, Conditioned-Base and Corrective", has been determined on the basis of a quantitative assessment of each transaction.

HISTORIC OPEX by expenditure category

Nominal	Year 3 (FY15/16)				Key cost drivers and explanation for material differences over time
	Routine	Conditioned- Based	Corrective	Total	
	\$000	\$000	\$000	Total	Revenue Cap Allowance
Network operations and maintenance					
Operating and maintenance costs	1,528	72	296	1,896	
Management fees and expenses	377			377	
Total Network operations and maintenance	1,905	72	296	2,273	
Other costs					
Insurance	549			549	
Connection fees	971			971	
Tax on property	2			2	
Accounting/audit fees	11			11	
Other costs	1			1	
Total other costs	1,534	-	-	1,534	
Total operating expenditure	3,439	72	296	3,807	
Revenue Cap Allowance - Controllable opex				3,974	

Please note:

The Financial Year ended 30 June 2016, is the 3rd year of the current Regulatory Control Period which is for a 5 year period.

Operating and maintenance costs disclosed in the categories of "Routine, Conditioned-Base and Corrective", has been determined on the basis of a quantitative assessment of each transaction.

HISTORIC CAPEX by project category

Nominal	Project Category	Note 1		Note 2		Year 5 (FY17/18)	TOTAL
		Year 1 (FY13/14)	Year 2 (FY14/15)	Year 3 (FY15/16)	Year 4 (FY16/17)		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Network							
Non Load Driven	Replacement		592	557			-
	Security/compliance		115	338			-
	Other		-	-			-
Non Network							
Business IT	Information Technology		-	1			-
Support the Business	Buildings		-	21			-
	Motor Vehicles		-	-			-
	Other		-	-			-
Total FDC (Note 3)		-	707	917	-	-	-
Total Historical Capex							

Numbers may not add due to rounding.

Note 1

On the 2nd of April 2015 the Australian Energy Regulator released the "Final Electricity Transmission Network Service Providers Information Guideline" - Version 2. As this document was released on the 2 April 2015, it has not been retrospectively applied to the financial years prior to 2 April 2015.

Note 2

The Financial Year ended 30 June 2015 is the 2nd year of the current Regulatory Control Period and the Financial Year ended 30 June 2016 is the 3rd year of the current Regulatory Control Period.

Note 3

The capital expenditure reported in the above table has been calculated on the basis as "Incurred" therefore FDC (Financing During Construction) is 0 for each year.

HISTORIC CAPEX by asset class

Nominal

Actual Gross Capital Expenditure – As Incurred (\$m Nominal)

Year	Note 1 & 2		Note 3		Note 5	
	Year-1 (FY12/13)	Year 1 (FY13/14)	Year 2 (FY14/15)	Year 3 (FY15/16)	Year 4 (FY16/17)	Year 5 (FY17/18)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Asset Class						
Switchyard			271	568		
Transmission line			-	-		
Easements			-	-		
Ancillary 15 - control systems			63	30		
Ancillary 30			188	249		
Ancillary 7			185	-		
Ancillary 7 - pressure vessel testing and inspection			-	33		
Test equipment			-	34		
Other operating assets			-	1		
Office machines			-	-		
Sub total			707	917		1,623

Actual Asset Disposal – As Incurred (\$m Nominal)

Year	Note 1 & 2		Note 3		Note 5	
	Year-1 (FY12/13)	Year 1 (FY13/14)	Year 2 (FY14/15)	Year 3 (FY15/16)	Year 4 (FY16/17)	Year 5 (FY17/18)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Asset Class						
Switchyard						
Transmission line						
Easements						
Ancillary 15 - control systems						
Ancillary 30						
Ancillary 7						
Ancillary 7 - pressure vessel testing and inspection						
Test equipment						
Other operating assets						
Easements						
Sub total						

Numbers may not add due to rounding.

Note 1

Yr-1 is the final year of the previous regulatory control period.

Note 2

On the 2nd of April 2015 the Australian Energy Regulator released the "Final Electricity Transmission Network Service Providers Information Guideline" - Version 2. As this document was released on the 2 April 2015, it has not been retrospectively applied to the financial years prior to 2 April 2015.

Note 3

The Financial Year ended 30 June 2015 is the 2nd year of the current Regulatory Control Period and the Financial Year ended 30 June 2016 is the 3rd year of the current Regulatory Control Period.

HISTORIC CAPEX - NETWORK- by project

Nominal

Project Description	Category ^A	Note 1 Note 2 Note 2 Note 2 Note 3					Reason for Variance from Cost Estimate / Expected Commissioning Date
		(Real 2012-13)					
		Year 1 (FY13/14)	Year 2 (FY14/15)	Year 3 (FY15/16)	Year 4 (FY16/17)	Year 5 (FY17/18)	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Stay in business	Replacement		519	471			1,571
Control System - Industrial Computers	Replacement						847
NSW runback	Replacement		73	86			295
Positive ventilation	Replacement						243
Security fences	Security/compliance		115	162			969
Additional chillers	Security/compliance						571
Earth switches Berr	Security/compliance			88			342
Earth switches Red Cliffs	Security/compliance			88			686
Cable relocation	Security/compliance						89
			707	895			5,614

^Arefers to Categories (e.g. Augmentation, Replacement, etc.) as defined in "Historic Capex Instructions" worksheet

Numbers may not add due to rounding.

Note 1

On the 2nd of April 2015 the Australian Energy Regulator released the "Final Electricity Transmission Network Service Providers Information Guideline" - Version 2. As this document was released on the 2 April 2015, it has not been retrospectively applied to the financial years prior to 2 April 2015.

Note 2

The financial Year ended 30 June 2015 is the 2nd year and the financial Year ended 30 June 2016 is the 3rd, of the current Regulatory Control Period.

Note 3

Unable to provide an explanation of the variance as the actual capex reported is for Year 2 (i.e. FY 14/15) and Year 3 (i.e. FY 15/16) whereas the case cost estimate reported is for 5 years (i.e. FY13/14 to FY17/18).

HISTORIC CAPEX - NON-NETWORK- by project

Nominal

Project Description	Category ^A	Note 1 Note 1 & 2					TOTAL	Reason for Variance from Cost Estimate / Expected Commissioning Date	Reg Test / Business Case (Y/N)	Reg Test / Business Case Cost Estimate Real 2013/13 (FY14 to FY18)
		Year 1 (FY13/14)	Year 2 (FY14/15)	Year 3 (FY15/16)	Year 4 (FY16/17)	Year 5 (FY17/18)				
Stay in business	Replacement Building	\$000	\$000	\$000	\$000	\$000				
Stay in business	Other network	-	-	21	-	-	21	No	5	
Berr water tank	Information technology	-	-	-	-	-	-	No	8	
Stay in business		-	-	1	-	-	1	No	8	
		-	-	22	-	-	22		21	

^Arefers to Categories (e.g. Augmentation, Replacement, etc.) as defined in "Historic Capex Instructions" worksheet

Numbers may not add due to rounding.

Note 1

On the 2nd of April 2015 the Australian Energy Regulator released the "Final Electricity Transmission Network Service Providers Information Guideline" - Version 2. As this document was released on the 2 April 2015, it has not been retrospectively applied to the financial years prior to 2 April 2015.

Note 2

The Financial Year ended 30 June 2015, is the 2nd year of the current Regulatory Control Period.

Note 3

The actual capex reported is for year 2 and Year 3 (i.e. FY14/15 and FY 15/16 respectively) whereas the business case cost estimate reported is for 5 years (i.e. FY13/14 to FY17/18). In FY15/16, the majority of the capex incurred was in relation to capex associated with building fixtures and fittings, which was not included in the business case cost estimate.



Independent auditor's review report to the Partners of Murraylink Transmission Partnership

We have reviewed the accompanying regulatory financial report of Murraylink Transmission Partnership (the partnership) which comprises the income statement for the year ended 30 June 2016 and a summary of significant accounting policies and other required statements and schedules set out on pages 2 to 26.

Directors' responsibility for the regulatory financial report

The directors of Murraylink (No.1) Pty Limited, Murraylink (No.2) Pty Limited, Murraylink Transmission Company Pty Limited, the Partners, are responsible for the preparation and fair presentation of the regulatory financial report and have determined that the accounting policies described in Note 1 are appropriate to meet the needs of the Australian Regulators as set out in *Australian Energy Regulators Electricity Transmission Network Services Provider Information Guidelines 2015* and are appropriate to meet the needs of the Partners. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the regulatory financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the regulatory financial report based on our review. No conclusion is expressed as to whether the accounting policies used, as described in Note 1 are appropriate to meet the requirements of the *Australian Energy Regulators Electricity Transmission Network Services Provider Information Guidelines 2015* or the Partners. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the regulatory financial report does not present fairly, in all material respects, in accordance with the accounting policies set out in Note 1 and the disclosure requirements prescribed by *Australian Energy Regulators Electricity Transmission Network Services Provider Information Guidelines 2015*. As auditor of Murraylink Transmission Partnership, ASRE 2410 requires that we comply with the ethical requirements relevant to the review of the regulatory financial report.

A review of a regulatory financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Basis of Preparation

Without modifying our conclusion, we draw attention to Note 1 in the regulatory financial report, which describes the basis of accounting. The regulatory financial report has been prepared for the purpose of fulfilling the partners' financial reporting responsibilities under the *Australian Energy Regulators Electricity Transmission Network Services Provider Information Guidelines 2015*. As a result, the regulatory financial report may not be suitable for another purpose.

Independence

In conducting our review, we have complied with the independence requirements of the Australian Professional and Ethical Standards Board.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the regulatory financial report of Murraylink Transmission Partnership does not present fairly, in all material respects, the financial performance of the Partnership for the period ended 30 June 2016 in accordance with the accounting policies set out in Note 1 and the disclosure requirements prescribed by the *Australian Energy Regulators Electricity Transmission Network Services Provider Information Guidelines 2015*.

KPMG

Daniel Camilleri
Partner

Sydney

26 August 2016

Current Map of the Network

As at 30 June 2016

