



## **Murraylink Transmission Company Pty Ltd**

### Murraylink Revenue Proposal

#### Revenue Proposal Submission Guidelines

#### Compliance Checklist

The following checklist has been prepared in accordance with the AER's guidelines for the preparation of Regulatory Proposals.

Electricity transmission network service providers

Submission guidelines

September 2007

Each requirement in the checklist is cross referenced to the relevant sections of the Murraylink regulatory proposal and, where appropriate, briefly annotated

Guideline Reference	Guideline Requirement	Murraylink Regulatory Proposal
4.3.1 Audit assurance	The revenue proposal must be accompanied by all audit assurances that the AER requires under s. 2.8 of the guidelines.	The AER has not requested audit assurances under s. 2.8 of the guidelines.
4.3.2 Directors' responsibility statement	The revenue proposal must be accompanied by a directors' responsibility statement, as required under s. 2.10 of the guidelines.	The revenue proposal is accompanied by a directors' responsibility statement.
4.3.3 Capital expenditure	The revenue proposal must contain at least the following information and matters relating to capital expenditure:	
4.3.3(a)(1) NER 6A.6.7(a)	<p>Forecasts of the capital expenditure for each year of the regulatory control period in well accepted categories such as:</p> <ul style="list-style-type: none"> <li>A. asset class (e.g. transmission lines, substations etc), or</li> <li>B. category driver (e.g. regulatory obligation, replacement, reliability, net market benefit, business support etc.) and which identify, in respect of proposed material assets:</li> <li>C. the location of the proposed asset</li> <li>D. the anticipated or known cost of the proposed asset</li> <li>E. the categories of transmission services which are to be provided by the proposed asset.</li> </ul>	<p>Forecasts of the capital expenditure for each year of the regulatory control period have been provided in the schedules, in the following well accepted categories:</p> <ul style="list-style-type: none"> <li>(a) By asset class: Replacement; Security/Compliance; Buildings; Information Technology and Other</li> <li>(b) By Network and Non Network</li> </ul>
4.3.3(a)(2) NER S6A.1.1	The methodology used for developing the capital expenditure forecasts.	<p>Section 8 of the Proposal describes methodology used for deriving the capital expenditure forecasts, as follows:</p> <ul style="list-style-type: none"> <li>(a) Stay-in-business capital elements arose from examination of the life of the ancillary assets and the typical maintenance periods for rotating machinery, based upon service experience.</li> <li>(b) Other elements of the capex program arose from the need to comply with OH&amp;S or legislative requirements.</li> </ul> <p>The cable relocation component arose from a probabilistic review of the likelihood of an event and the most plausible cost.</p>
4.3.3(a)(3)	The forecasts of load growth relied upon to derive the capital expenditure forecasts and the methodology used for developing those forecasts of load	Section 7.4 of the Murraylink proposal explains that load growth is not relevant for this determination. The demand for Murraylink service will remain

Guideline Reference	Guideline Requirement	Murraylink Regulatory Proposal
	growth.	unchanged.
4.3.3(a)(4)	The key assumptions that underlie the capital expenditure forecasts.	Section 7 of the proposal explains the key assumptions that underlie the capital expenditure forecasts, as follows: (a) Major cost elements are based upon quotations to provide the requested assets. (b) The timing of the costs in most cases relates to the expected life of equipment involved or the need to fulfil a regulatory obligation.  Cost escalators for EGW labour and Contract labour are productivity-adjusted AWOTE Indices provided by BIS Shrapnel and are discussed in Section 8.
4.3.3(a)(5)	A certification of the reasonableness of the key assumptions by the directors of the TNSP as part of the directors' responsibility statement.	The directors' responsibility statement contains a certification of the reasonableness of the key capital expenditure assumptions.
4.3.3(a)(6)	Capital expenditure for each of the first three years of the current regulatory control period and the expected capital expenditure for each of the last two years of that regulatory control period, categorised in the same way as for the capital expenditure forecasts.	Actual capital expenditure is provided for all years from 2003/04 to 2010/11. Expected capital expenditure is provided for 2011/12.
4.3.3(a)(7)	An explanation of any significant variations in the forecast capital expenditure from historical capital expenditure.	An explanation of significant variation in the forecast capital expenditure from historical capital expenditure has been included in section 3.2 of the proposal. The ACCC did not permit a capital expenditure allowance in the 2003 determination.
4.3.3(b)(1)	The revenue proposal must include in the forecast of capital expenditure referred to in subsection (a) an amount of any unspent capital expenditure for a contingent project of the kind described in clause 6A.6.7(e) of the NER.	Section 7.8 of the Murraylink proposal contains details of a contingent project of the kind described in clause 6A.6.7(e) of the NER. The indicative capital expenditure for this project is not included in the expenditure forecast.
4.3.3(b)(2)	The revenue proposal must not include in the forecast of capital expenditure referred to in subsection (a) an amount of any capital expenditure for a contingent project of the kind described in clause 6A.6.7(h) of the NER.	There were no contingent projects approved in the first regulatory control period for Murraylink that carry over to the second regulatory control period.
4.3.3(c)	The revenue proposal must contain an explanation of why the forecast of capital expenditure is required to:	Section 7 of the Murraylink revenue proposal contains an explanation of why the forecast of capital expenditure is required to meet the capital expenditure

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	<ul style="list-style-type: none"> <li>(1) efficiently meet the expected demand for prescribed transmission services over the regulatory control period;</li> <li>(2) comply with all applicable regulatory obligations associated with the provision of prescribed transmission services;</li> <li>(3) maintain the quality, reliability and security of supply of prescribed transmission services; or</li> <li>(4) maintain the reliability, safety and security of the transmission system through the supply of prescribed transmission services.</li> </ul>	objectives.																												
4.3.3(d)	<p>The revenue proposal must contain filled out pro-forma statements as part of the proposal, including the sections for qualitative commentary.</p> <table border="0" data-bbox="517 683 1220 1173"> <thead> <tr> <th style="text-align: left;"><u>Pro forma number</u></th> <th style="text-align: left;"><u>Pro forma reference</u></th> </tr> </thead> <tbody> <tr><td>1.1</td><td>Historic opex by category—summary</td></tr> <tr><td>1.2</td><td>Historic opex by category (any part year)</td></tr> <tr><td>1.3</td><td>Historic opex by category year 1</td></tr> <tr><td>1.4</td><td>Historic opex by category year 2</td></tr> <tr><td>1.5</td><td>Historic opex by category year 3</td></tr> <tr><td>1.6</td><td>Historic opex by category year 4</td></tr> <tr><td>1.7</td><td>Historic opex by category year 5</td></tr> <tr><td>2.1</td><td>Forecast opex by category—summary</td></tr> <tr><td>2.2</td><td>Forecast opex by category year 6</td></tr> <tr><td>2.3</td><td>Forecast opex by category year 7</td></tr> <tr><td>2.4</td><td>Forecast opex by category year 8</td></tr> <tr><td>2.5</td><td>Forecast opex by category year 9</td></tr> <tr><td>2.6</td><td>Forecast opex by category year 10</td></tr> </tbody> </table>	<u>Pro forma number</u>	<u>Pro forma reference</u>	1.1	Historic opex by category—summary	1.2	Historic opex by category (any part year)	1.3	Historic opex by category year 1	1.4	Historic opex by category year 2	1.5	Historic opex by category year 3	1.6	Historic opex by category year 4	1.7	Historic opex by category year 5	2.1	Forecast opex by category—summary	2.2	Forecast opex by category year 6	2.3	Forecast opex by category year 7	2.4	Forecast opex by category year 8	2.5	Forecast opex by category year 9	2.6	Forecast opex by category year 10	The completed AER pro-forma statements are included as an attachment to the Murraylink proposal.
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<b>4.3.4 Operating expenditure</b>	The revenue proposal must contain at least the following information and matters relating to operating expenditure:																													

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4.3.4(a)(1) NER 6A.6.6(a)	<p>Forecasts of operating expenditure for each year of the relevant regulatory control period must identify the forecast operating expenditure by reference to well accepted categories such as:</p> <ul style="list-style-type: none"> <li>A. particular programs, or</li> <li>B. types of operating expenditure (e.g. maintenance, payroll, materials etc.) and which identify in respect of each such category:</li> <li>C. to what extent that forecast expenditure is on costs that are fixed and to what extent it is on costs that are variable, and</li> </ul> <p>the categories of transmission services to which that forecast expenditure relates.</p>	<p>Forecasts of operating expenditure for each year of the 2013-23 regulatory control period identify the expenditure by reference to well accepted categories. These categories are:</p> <ul style="list-style-type: none"> <li>(a) Maintenance: subdivided into substations; lines and communications;</li> <li>(b) System recurrent expenditure: subdivided into Asset Management Support; Operations; OHS; Taxes and Charges; Connection charges; and Insurance;</li> </ul> <p>Non-system recurrent expenditure; subdivided into Finance, IT; and Other.</p>
4.3.4(a)(2)	<p>The methodology used for developing the operating expenditure forecasts.</p>	<p>The operating and maintenance requirements for Murraylink are not expected to change substantially in the second regulatory control period. Section 8 of the proposal explains that the methodology used for developing the operating expenditure forecasts was to project the operating costs for the 2010/11, applying the real cost escalators provided by BIS Shrapnel for the EGWWS and Construction AWOTE Indices.</p> <p>Additional operating costs will arise from the requirement for communications to establish the NSW runback scheme. These costs have been estimated on the basis of a quotation obtained for the most likely communications configuration to meet the needs of the scheme.</p> <p>The maintenance costs are largely outsourced and this was assumed to be projected at the current rates.</p>
4.3.4(a)(3)	<p>The forecasts of key variables relied upon to derive the operating expenditure forecasts and the methodology used for developing those forecasts of key variables.</p>	<p>The key variable relied upon to derive the operating expenditure forecasts was the cost escalation indices provided by BIS Shrapnel. Section 8.5 of the Proposal summarises the basis of the cost escalations and the BIS report is submitted as Attachment 8.1 to the proposal.</p>
4.3.4(a)(4)	<p>The methodology used for determining the cost associated with planned maintenance programs designed to improve the performance of the relevant transmission system for the purposes of any service target performance</p>	<p>Section 11.2.3 of the Murraylink proposal describes how the performance of the link is not expected to change from the current regulatory control period. Planned maintenance programs have been designed to maintain, rather than improve, the performance of the link for the purposes of any service target</p>

Guideline Reference	Guideline Requirement	Murraylink Regulatory Proposal
	incentive scheme that is to apply to during the regulatory control period.	performance incentive scheme.
4.3.4(a)(5)	The key assumptions that underlie the operating expenditure forecasts.	Section 8 describes the key assumption that underlies the operating expenditure forecast, to maintain the current capability and security of the link. Real cost escalators provided by BIS Shrapnel are described in section 8.5.
4.3.4(a)(6)	A certification of the reasonableness of the key assumptions by the directors of the TNSP as part of the directors' responsibility statement required under s. 4.3.2.	The Director's responsibility statement certifies the reasonableness of the key operating expenditure assumptions.
4.3.4(a)(7)	Operating expenditure for each of the first three years of the current regulatory control period, and the expected operating expenditure for each of the last two years of that regulatory control period, categorised in the same way as for the operating expenditure forecasts.	Actual operating expenditure is provided for the years 2007/08, through 2010/11. Expected operating expenditure is provided for 2011/12.
4.3.4(a)(8)	An explanation of any significant variations in the forecast operating expenditure from historical operating expenditure.	An explanation of any significant variations in the forecast operating expenditure from historical operating expenditure has been included the Schedule containing the historic opex summary.
4.3.4(b)	The revenue proposal must contain a justification for its forecast of operating expenditure on the basis that it is required to: <ul style="list-style-type: none"> <li>(1) efficiently meet the expected demand for prescribed transmission services over the regulatory control period</li> <li>(2) comply with all applicable regulatory obligations associated with the provision of prescribed transmission services</li> <li>(3) maintain the quality, reliability and security of supply of prescribed transmission services, or</li> <li>(4) maintain the reliability, safety and security of the transmission system through the supply of prescribed transmission services.</li> </ul>	Section 7 of the Murraylink revenue proposal contains an explanation of why the forecast capital expenditure is required to meet the operating expenditure objectives.
4.3.4(c) NER 6A.6.6(e)	In determining whether the AER is satisfied with the forecast operating expenditure proposed by a TNSP the AER must have regard to ten operating expenditure factors. The following requirements of the operating expenditure forecasting process are relevant to the EBSS:	

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<p>4.3.4(c) NER 6A.6.6(e) (continued)</p>	<ol style="list-style-type: none"> <li>1. The past expenditure profile of a TNSP may vary and it may be uneven. An uneven expenditure profile may arise for legitimate operational reasons or, in some circumstances, may indicate cost-shifting. The AER will require that a business provide an explanation for the profile of expenditure sufficient to demonstrate that the operating expenditure incurred in the regulatory period is related to operational needs as they arose and does not entail instances of cost-shifting.</li> <li>2. A TNSP must provide a detailed description of any changes in capitalisation policies that have arisen in the current regulatory control period, or that are proposed to apply in the next regulatory control period. This description must be accompanied by a calculation of the impact of those changes in capitalisation policy. If the AER is not satisfied that a change in capitalisation policy is appropriate, it may adjust the forecast operating expenditure allowance of the TNSP as allowed by clause 6A.6.6(f) of the NER.</li> <li>3. The operating expenditure forecast must include any necessary adjustments for changes in responsibilities that result from compliance with a new or amended law or licence, or other statutory or regulatory requirement, including a requirement that can be demonstrated to arise directly from a recognised policy, practice or policy generally applicable to similar firms participating in the NEM.</li> <li>4. The revenue proposal must contain the proposed basis for accounting for growth in demand in the next regulatory control period. This must be accompanied by evidence that the proposed adjustment mechanism accurately reflects the impact of changes in expected growth in demand from a baseline forecast (positive and negative) on operating expenditure.</li> </ol>	<p>Section 8 explains that the operating expenditure has not varied materially throughout the current regulatory control period.</p> <p>Section 3.5 of the proposal states that there has been no change in Murraylink's capitalisation policy during the 2003-13 regulatory control period and that no change is envisaged at this time.</p> <p>Section 8 confirms that no change in obligation that would have an effect on operating cost has been identified.</p> <p>Demand growth is not relevant to the Murraylink determination.</p>				
<p>4.3.4(d)</p>	<p>The revenue proposal must contain filled out pro-forma statements as part of the proposal, including the sections for qualitative commentary.</p> <table border="0" data-bbox="517 1289 1220 1359"> <tr> <td style="padding-right: 20px;"><u>Pro forma number</u></td> <td><u>Pro forma reference</u></td> </tr> <tr> <td style="padding-right: 20px;">1.1</td> <td>Historic opex by category—summary</td> </tr> </table>	<u>Pro forma number</u>	<u>Pro forma reference</u>	1.1	Historic opex by category—summary	<p>The completed AER pro-forma statements are included as Attachment 4.1 to the Murraylink proposal.</p>
<u>Pro forma number</u>	<u>Pro forma reference</u>					
1.1	Historic opex by category—summary					



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	1.2 Historic opex by category (any part year) 1.3 Historic opex by category year 1 1.4 Historic opex by category year 2 1.5 Historic opex by category year 3 1.6 Historic opex by category year 4 1.7 Historic opex by category year 5 2.1 Forecast opex by category—summary 2.2 Forecast opex by category year 6 2.3 Forecast opex by category year 7 2.4 Forecast opex by category year 8 2.5 Forecast opex by category year 9 2.6 Forecast opex by category year 10	
<b>4.3.5 Capex - Opex interaction</b> NER S6A.1.3(1)	The revenue proposal must contain an identification and explanation of any significant interactions between the forecast capital expenditure and forecast operating expenditure programs.	Section 3.4 of the Murraylink proposal contains a statement of interactions between capital and operating expenditure. There are no significant interactions.
<b>4.3.6 STPIS</b>		
4.3.6(a) NER S6A.1.3(2)	The revenue proposal must contain: (1) proposed values, weightings and other elements for the performance incentive scheme parameters during the regulatory control period (2) an explanation of how the proposed values, weightings and other elements comply with the requirements set out in the scheme.	Section 11 of the Murraylink proposal contains the proposed values, weightings and elements of the STPIS. These are unaltered and comply with the requirements of the scheme.
4.3.6(b)	The TNSP must prepare and submit pro forma statement 7.3 as part of its revenue proposal.	Pro forma statement 7.3 has been completed and forms part of the Murraylink proposal.
<b>4.3.7 EBSS</b>		

Guideline Reference	Guideline Requirement	Murraylink Regulatory Proposal
4.3.7(a) NER S6A.1.3(3)	The revenue proposal must contain: (1) the values that the TNSP proposes for the EBSS for the regulatory control period (2) an explanation of how the proposed values comply with any relevant requirements set out in the scheme.	Section 11.1 of the Murraylink proposal explains that the EBSS does not apply to Murraylink. Murraylink does not propose to introduce the scheme in 2013-23.
4.3.7(b)	The TNSP must prepare and submit pro forma statement 7.3 as part of its revenue proposal.	Pro forma statement 7.3 has been completed and forms part of the Murraylink proposal.
<b>4.3.8 Total revenue cap and maximum allowed revenue</b> NER S6A.1.3(4)	The revenue proposal must contain:	Section 11.3 of the Murraylink proposal contains the estimated total revenue cap for the 2013-23 regulatory control period; the maximum allowed revenue for each year of the regulatory control period; and details of the building block components used to calculate that revenue.
4.3.8(a)	The TNSP's calculation of the estimated total revenue cap for the regulatory control period	
4.3.8(b) NER 6A.5	The TNSP's calculation of the maximum allowed revenue for each year of the regulatory control period, using the post-tax revenue model, together with:	
4.3.8 (c)	details of all amounts, values and other inputs used to generate the calculations	
4.3.8(d) Part C of chapter 6A	a demonstration that such amounts, values and other inputs comply with the relevant requirements of the NER	
4.3.8(e)	an explanation of the calculation of the amounts referred to in subsections (a) and (b), together with an explanation of the amounts, values and inputs referred to in subsection (c).	Section 10 of the Murraylink proposal explains the revenue calculation. The AER's PTRM was used to calculate the revenue.
<b>4.3.9 Regulatory asset base</b>	The revenue proposal must contain the TNSP's calculation of the RAB for each year of the regulatory control period using the roll forward model referred to in	Section 5 of the Murraylink proposal describes the calculation of the opening RAB for the 2013-23 regulatory control period. The AER's RFM was used to

Guideline Reference	Guideline Requirement	Murraylink Regulatory Proposal
NER 6A.6.1 S6A.1.3(5)	the NER, together with:	perform this calculation and is included as Attachment 5.1.
4.3.9(a)	details of all amounts, values and other inputs used by the TNSP for that purpose	Section 5 of the Murraylink proposal and schedules 3.1 - 3.4 describe the amounts, values and other input used for the RAB calculation.
4.3.9(b) Part C of chapter 6A	a demonstration that such amounts, values and other inputs comply with the relevant requirements of the NER	Section 5 of the Murraylink proposal describes how the requirements of the Rules have been met.
4.3.9(c)	an explanation of the calculation of the regulatory asset base for each year of the regulatory control period and of the amounts, values and inputs referred to in subsection (a).	Section 5 of the Murraylink proposal explains the RAB calculation. Schedules 3.1 - 3.4 describe the amounts, values and other inputs.
<b>4.3.10 Nominal risk free rate calculation period</b> NER 6A.6.2(c)(2) S6A.1.3(6)	The revenue proposal must nominate the commencement and length of the period to be used by the AER to calculate the nominal risk free rate for the regulatory control period.	The Murraylink proposal is accompanied by advice of the commencement and length of the proposed period to be used by the AER to calculate the risk free rate. This is included in Attachment 1.2 Confidential Information
<b>4.3.11 Depreciation schedules</b>	The revenue proposal must contain:	
4.3.11(a) NER 6A.6.3 S6A.1.3(7)	<p>(1) the depreciation schedules nominated by the TNSP. The depreciation schedules must categorise the relevant assets by reference to well accepted categories such as:</p> <ul style="list-style-type: none"> <li>A asset class (e.g. transmission lines and substations), or</li> <li>B category driver (e.g. regulatory obligation, replacement, reliability, net market benefit and business support), and also by location</li> </ul> <p>(2) details of all amounts, values and other inputs used by the TNSP to compile the depreciation schedules and an explanation of their calculation</p>	<p>The Murraylink depreciation schedules are described in section 9 of the proposal. The relevant assets are categorised into well accepted categories of asset class.</p> <p>Details of all amounts, values and other inputs used are submitted in the AER's pro forma schedule 7.2 and in the RFM.</p>

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	(3) a demonstration that the depreciation schedules conform with the requirements of the NER.	Section 9 of the Murraylink proposal demonstrates that the depreciation schedules conform with the NER requirements.
4.3.11(b)	A TNSP may prepare and submit pro forma statement 7.2 to the AER as part of its revenue proposal.	The Murraylink depreciation schedules are submitted in the AER's pro forma schedule 7.2.
<b>4.3.12 X factors</b> NER 6A.6.8(a) 6A.6.8 (b) S6A.1.3(8)	A revenue proposal must contain the X factors nominated by the TNSP for each year of the regulatory control period, together with a demonstration that those X factors comply with the requirements set out in the NER.	Section 10.4 of the Murraylink proposal contains the proposed X factors for each year of the regulatory control period and demonstrates that those X factors comply with the NER requirements.
<b>4.3.13 Length of regulatory control period</b> NER S6A.1.3(9)	A revenue proposal must contain the commencement and length of the regulatory control period proposed by the TNSP.	Section 1.3 of the Murraylink proposal proposes the commencement and length of the regulatory control period.
<b>4.3.14 Proposed contingent projects</b> NER S6A.1.3(10)	If the TNSP is seeking to include a proposed contingent project in the relevant revenue determination, the revenue proposal must contain:	
4.3.14(a)	a description of the proposed contingent project, including reasons why the TNSP considers the project should be accepted as a contingent project for the regulatory control period	Section 7.8 of the Murraylink proposal describes the contingent project and the reasons why the project should be accepted during the 2013-23 regulatory control period.
4.3.14(b)	a forecast of the capital expenditure which the TNSP considers is reasonably required to undertake the proposed contingent project	Section 7.8 and Attachment 7.3 of the Murraylink proposal provides an indicative estimate of the capital expenditure required to complete the contingent project.
4.3.14(c)	the methodology used for developing that forecast and the key assumptions that underlie it	The forecast methodology and assumptions for the Murraylink contingent Project are contained in Attachment 7.3.
4.3.14(d)	information that demonstrates that the undertaking of the proposed contingent	Attachment 7.3 to the Murraylink proposal demonstrates that the contingent

Guideline Reference	Guideline Requirement	Murraylink Regulatory Proposal
NER 6A.8.1(b)(1)	project is reasonably required to meet one or more of the objectives referred to in the NER.	project is reasonably required to meet one or more of the capital expenditure objectives referred to in the NER.
4.3.14(e) NER 6A.8.1(b)(2)	information that demonstrates that the proposed contingent capital expenditure for the proposed contingent project complies with requirements of the NER	Attachment 7.3 to the Murraylink proposal demonstrates that the contingent project complies with the requirements of the NER.
4.3.14(f) NER 6A.8.1(c)	the proposed trigger events relating to the proposed contingent project and an explanation of how each of those conditions or events addresses the matters referred to in the NER.	Attachment 7.3 to the Murraylink proposal describes the proposed trigger events and how they address the NER requirements.
<b>4.3.15 WACC parameters</b>		
4.3.15 (a) NER 6A.6.2	A revenue proposal must contain a breakdown of the weighted average cost of capital calculation nominated by the TNSP, together with a demonstration that this calculation complies with the requirements of the NER.	Section 6 of the Murraylink proposal contains a breakdown of the weighted average cost of capital calculation and demonstrates that this calculation complies with the requirements of the NER.
4.3.15(b)	A TNSP must prepare and submit pro forma statement 7.1 as part of its revenue proposal.	The AER's pro forma statement 7.1 is submitted as part of the Murraylink revenue proposal.
<b>4.3.16 Demand forecasts</b>		
4.3.16(a)	A TNSP's revenue proposal must contain: <ul style="list-style-type: none"> <li>(1) the demand forecasts that the TNSP has used as the basis for its forecasts of operating and capital expenditure for the forthcoming regulatory control period</li> <li>(2) the assumptions on which the demand forecasts have been based, and full and detailed explanations of the basis of their preparation.</li> </ul>	Section 7 of the Murraylink proposal explains why a demand forecast is not relevant for the Murraylink determination. The demand for Murraylink standard control services is constant and equal to its maximum capacity for each year of the regulatory control period..
4.3.16(b)	As a minimum, the TNSP's demand forecasts must be presented for each year of the regulatory control period. It is expected that the TNSP's demand forecasts will be in the same form as that provided to AEMO.	
<b>4.3.17 Corporate income</b>	The revenue proposal must contain details of the estimated cost of corporate income tax, together with a demonstration that the calculation complies with	Section 10.2.5 of the Murraylink proposal contains details of the estimated cost of corporate income tax determined by the PTRM and demonstrates that the

Guideline Reference	Guideline Requirement	Murraylink Regulatory Proposal
tax NER 6A.6.4	the requirements of the NER.	calculation complies with the requirements of the NER.
<b>4.3.18 Completed post-tax revenue model</b>		
4.3.18(a) NER 6A.5.1(a)	A TNSP must prepare its revenue proposal using a post-tax revenue model.	Murraylink has submitted the completed PTRM as part of its revenue proposal. This is included as Attachment 10.1.
4.3.18(b) NER 6A.10.2(c)(1)(i)	The revenue proposal must be accompanied by a post-tax revenue model, completed in a manner that demonstrates its application to the TNSP.	Murraylink has submitted the completed PTRM as part of its revenue proposal. The PTRM was completed in a manner that demonstrates its application to the TNSP
4.3.18(c) NER 6A.10.2(c)(2)	The completed post-tax revenue model and the information in that model will not be publicly disclosed without the consent of the TNSP.	Murraylink confirms that the completed PTRM and the information therein should not be publicly disclosed by the AER.
<b>4.3.19 Completed roll forward model</b>		
4.3.19(a) NER 6A.6.1, 6A.10.2(c)(1)(ii) Part C of chapter 6	<p>The revenue proposal must be accompanied by:</p> <p>(1) a completed roll forward model</p> <p>(2) the TNSP's calculation of the regulatory asset base for year of the regulatory control period using the roll forward, together with:</p> <p>A details of all amounts, values and other inputs used in the calculation</p> <p>B a demonstration that any such amounts, values and other inputs comply with the relevant requirements of the NER</p> <p>C an explanation of the calculation of the RAB for each year of the regulatory control period and of the amounts, values and inputs</p>	<p>A completed RFM forms Attachment 5.1 to the Murraylink proposal.</p> <p>The calculation of the regulatory asset base for year of the regulatory control period uses the RFM.</p> <p>The amounts, values and other inputs used in the RFM are contained in the AER schedules that are submitted as part of the Murraylink proposal.</p>

Guideline Reference	Guideline Requirement	Murraylink Regulatory Proposal
	used to develop that calculation.	
4.3.19(b) NER 6A.10.2(c)(2)	The completed roll forward model and the information in that model will not be publicly disclosed without the consent of the TNSP.	Murraylink confirms that the completed RFM and the information therein should not be publicly disclosed by the AER.
<b>4.3.20 Cost pass-through rules</b>		
4.3.20(a) NER 6A.7.3	If requested to do so by the AER, a TNSP's revenue proposal must contain details of the information a TNSP intends to provide in support of any pass through application made to the AER.	The AER has not requested details of the information Murraylink intends to provide in support of any pass through application made to the AER
4.3.20(b) NER 6A.17.2(f)	A TNSP must provide any written statement seeking the approval of the AER to pass through a positive pass through amount or a negative pass through amount according to any requirements specified in the information guidelines.	In the event that Murraylink seeks the approval of a pass through amount (positive or negative) it will do so in accordance with requirements specified in the information guidelines.
<b>4.3.21 Self-insurance details</b>	If requested to do so by the AER, a TNSP's revenue proposal must contain the values that the TNSP proposes for self-insurance costs for each year of the regulatory control period, together with:	Murraylink has not proposed any self-insurance costs in its operating cost forecast.  The AER has not requested the disclosure of self-insurance costs by Murraylink.  Murraylink proposes to continue to obtain external insurance for major incidents.
4.3.21(a)	details of all amounts, values and other inputs used by the TNSP to calculate its proposed self-insurance costs	
4.3.21(b)	an explanation of the calculation of these amounts, values and inputs	
4.3.21(c)	the following information and reporting requirements: A. a board resolution to self-insure (i.e. a copy of the signed minutes recording resolution made by the board) B. confirmation that the TNSP is in a position to undertake credible self insurance for those events C. self-insurance details setting out the specific risks the TNSP has resolved to self-insure D. a report from an appropriately qualified actuary or risk specialist verifying the calculation of risks and corresponding insurance premiums	

Guideline Reference	Guideline Requirement	Murraylink Regulatory Proposal
	<p>E. the annual regulatory accounts must record the cost of self-insurance as an operating expense and establish a self-insurance reserve</p> <p>F. when a claim against self-insurance is made, an appropriate deduction to the self-insurance reserve must be recorded.</p>	
<b>4.3.22 Services provided by the TNSP</b>	A revenue proposal must contain:	
4.3.22(a)	the name and description of each individual prescribed transmission service provided by the TNSP that is the subject of that revenue proposal	Section 1.4 of the Murraylink proposal describes the prescribed transmission service provided.
4.3.22(b)	the quality, reliability and security of supply of each prescribed transmission service provided	Section 1.4 of the Murraylink proposal describes the quality, reliability and security of supply of the prescribed transmission service provided.
4.3.22(c)	the reliability, safety and security of the transmission system supplying prescribed transmission services.	Section 1.4 of the Murraylink proposal describes the safety requirements of the transmission link.
<b>4.3.23 Forecast map of transmission system</b>	A TNSP's revenue proposal must contain a forecast map of the transmission system for the relevant regulatory control period. This map, together with any appropriate accompanying notes, should also indicate the location of new major network assets proposed to be constructed over the regulatory control period and should identify:	Section 1.5 of the Murraylink proposal contains a map of the transmission system. No new major network assets are proposed to be constructed by Murraylink. The contingent project in Attachment 7.3 describes additional assets that may be constructed during the regulatory control period.
4.3.23(a)	the different ratings of the transmission lines	Murraylink comprises a single transmission line and voltage conversion equipment. Section 1.4 of the Murraylink proposal details its rating.
4.3.23(b)	other major network assets.	
<b>4.3.24 Related parties</b>	A revenue proposal must contain the following:	
4.3.24(a)	<p>details of the following information relating to any material related party transactions whose costs are attributed to, or allocated between, categories of transmission services provided by the TNSP:</p> <p>A. details of the related party</p> <p>B. the terms of the related party contract</p>	Murraylink does not have any material related party transaction that requires the attribution or allocation of costs to categories of transmission services provided.



Guideline Reference	Guideline Requirement	Murraylink Regulatory Proposal
	<p>C. a description of the goods and/or services that are the subject of the transaction, and</p> <p>D. a description of the procurement process undertaken in respect of the goods and/or services that are the subject of the transaction, and, in particular, whether the procurement process was a competitive process.</p>	
4.3.24(b)	Confirmation that the terms and conditions of any related party contract require the related party to provide sufficient information to enable the TNSP to meet obligations to attribute or allocate the costs of that related party contract under the AER's guidelines.	Murraylink does not have any related party contract that requires the disclosure of information to meet obligations or allocate costs.