



# Attachment 0.04

Director's certification of key assumptions

31 January 2023

**PowerWater**

## Power and Water Corporation 2024-29 Regulatory Proposal

### Certification under clauses S6.1.1(5) and S6.1.2(6) of the NT National Electricity Rules

The undersigned Chair of Power and Water Corporation certifies that:

- In accordance with schedule 6.1.1(5) of the National Electricity Rules (Northern Territory), the key assumptions that underlie the capital expenditure forecast as set out in the regulatory proposal are reasonable.
- In accordance with schedule 6.1.1(6) of the National Electricity Rules (Northern Territory), the key assumptions that underlie the operating expenditure forecast as set out in the regulatory proposal are reasonable.

Signed in accordance with a resolution of directors.

Peter Wilson AM

Board Chair

Date: 20/01/2023

### Key Assumptions underlying operational expenditure (opex) and capital expenditure (capex) for the 2024-2029 Regulatory Control Period

Subject Matter		Proposed Key Assumption 2024-2029	Relevant to Opex	Relevant to Capex
1	Company Structure and Ownership Arrangements	"Power and Water's current company structure and ownership arrangements (including its obligation to obtain capital through its NT government shareholding and NT Treasury Corporation processes) will be in place for the 2024-2029 regulatory period."	Yes	Yes
2	Regulatory Obligations and requirements	"The legislative and regulatory instruments applicable to Power and Water as in force 1 July 2022 will continue to apply for the 2024-2029 regulatory period.  Specifically, the ICT forecasts with respect to cyber and information security hazard requirements are based on the assumption that Power and Water will only be required to comply with Security Profile Level 2 under the Australian Energy Sector Cyber Security Framework 2022 (AEMO, published 19/04/2022) in relation to the Security of Critical Infrastructure Act 2018 (SOCI). Other SOCI impacts are currently excluded from the forecast."	Yes	Yes



Subject Matter		Proposed Key Assumption 2024-2029	Relevant to Opex	Relevant to Capex
3	Service Classification	"The service classification in the AER's Framework and Approach paper dated July 2022 will apply to the 2024-2029 period."	Yes	Yes
4	Maximum Demand, customer and connection growth	"Our capital expenditure and operating expenditure forecasts have applied on demand and customer connection forecasts that rely on historical data and reasonable inputs and values for the forecast period. "	Yes	Yes
5	Connection Policy	"Power and Water's revised Connection Policy meets the requirements of Chapter 5A of the NT NER and the AER's revised Connection Charge Guidelines and will apply to the 2024-2029 period."	Yes	Yes
6	Cost Allocation and Capitalisation	"Our forecasts reflect the cost allocation method approved by the AER at the time our forecasts were submitted including our approach to capitalisation."	Yes	Yes
7	Efficient opex base year	Power and Water's revealed opex in 2021-22 is representative of the efficient underlying opex required in PWC's circumstances for the provision of standard control services for the 2024-2029 regulatory period	Yes	No
8	Unit Rates	"The Unit rates that Power and Water has applied in developing its capex forecasts are representative of the costs that can reasonably be expected to be incurred in the 2024-2029 period and relies on historical data including labour rates and material costs."	No	Yes
9	Cost Escalations	"The cost escalations that Power and Water has applied (based on a report from BIS Oxford dated 2022) in developing its forecasts are representative of the increased costs that Power and Water can reasonably expect to incur in the 2024-2029 regulatory control period."	Yes	Yes
10	Inflation	"That the inflation forecast applied (calculated using the method required by the AER for populating the PTRM) in developing the expenditure forecasts represents the inflation-related costs expected over the 2024-29 regulatory control period."	Yes	Yes
11	Capacity to deliver programs in the capital forecasts	"Power and Water will have sufficient resourcing capability to deliver the capital expenditure forecasts."	No	Yes

Subject Matter		Proposed Key Assumption 2024-2029	Relevant to Opex	Relevant to Capex
12	Opex forecast assumes delivery of the forecast capex as programmed	"PWC's workforce is utilised across the forecast capital programme for the 2024-2029 regulatory control period, ensuring the labour cost in opex remains consistent with the level in the base year."	Yes	No

