



# Attachment RIN1.03

Reset RIN written response

31 January 2023

PowerWater

## 2024–29 Reset RIN written response

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
<b>1</b>	<b>Regulatory Information Notice framework</b>		
<b>1.1</b>	<b>Addressee of this notice</b>		
<b>1.1.1</b>	<i>Power and Water</i> is a regulated network service provider for the purposes of section 28D of the <i>National Electricity (Northern Territory) Law (NEL)</i> .	Noted.	N/A
<b>1.1.2</b>	This Regulatory Information Notice ( <i>notice</i> ) is issued to <i>Power and Water</i> under Part 3, Division 4 of the <i>NEL</i> .	Noted.	N/A
<b>1.2</b>	<b>Reasons for issuing this notice</b>		
<b>1.2.1</b>	The <i>AER</i> considers it is reasonably necessary for the performance or exercise of its functions and powers under the <i>NEL</i> for <i>Power and Water</i> to provide, prepare and maintain information in the manner and form specified in this <i>notice</i> .	Noted.	N/A
<b>1.2.2</b>	The functions and powers of the <i>AER</i> are specified under section 15 of the <i>NEL</i> . These include: <ul style="list-style-type: none"> <li>• monitoring regulated network service providers' compliance with network revenue or pricing determinations</li> <li>• preparing and publishing reports on regulated network service providers' financial and operational performance and</li> <li>• economic regulatory functions or powers including the making of a <i>distribution determination</i>.</li> </ul>	Noted.	N/A

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1.2.3	In order to make the <i>distribution determination</i> for <i>Power and Water</i> for the <i>forthcoming regulatory control period</i> , commencing on 1 July 2024 and ending on 30 June 2029, the AER is required to make the <i>constituent decisions</i> set out in rule 6.12.1 of the <i>NER</i> and, pursuant to rule 6.12.2, state the reasons for its decision.	Noted.	N/A
1.2.4	Under rule 6.27 of the <i>NER</i> , the AER must prepare and publish an annual benchmarking report to describe the relative efficiency of each Distribution Network Service Provider in providing <i>direct control services</i> over a 12-month period. Further, under rules 6.5.6 and 6.5.7 of the <i>NER</i> , the AER must have regard to benchmark <i>opex</i> and benchmark <i>capex</i> when assessing these types of expenditure.	Noted.	N/A
1.2.5	In addition, section 16 of the <i>NEL</i> requires the AER to perform its functions in a manner that will or is likely to contribute to the achievement of the National Electricity Objective ( <i>NEO</i> ). Section 16 of the <i>NEL</i> also requires that, when exercising discretion in making those parts of a <i>distribution determination</i> relating to <i>direct control services</i> , the AER must take into account the revenue and pricing principles.	Noted.	N/A
1.2.6	Accordingly, the AER requires detailed information relating to <i>Power and Water</i> and its regulated electricity <i>network services</i> to make a <i>distribution determination</i> , monitor <i>Power and Water's capex, opex, network reliability performance and customer service</i> , conduct benchmarking, and to inform the next <i>distribution determination</i> .	Noted.	N/A
1.2.7	In order to:	Noted.	N/A

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	<p>a. properly judge and determine each of the <i>constituent decisions</i> required for <i>Power and Water's distribution determination</i>,</p> <p>b. properly assess <i>Power and Water's regulatory proposal</i>,</p> <p>c. assess regulatory applications by other network service providers (including, without limitation, by performing benchmarking activities),</p> <p>d. perform the tasks above in a manner that seeks to achieve the NEO and, regarding the regulation of <i>Power and Water's direct control services</i>, exercise its discretion taking into account the revenue and pricing principles, and</p> <p>e. perform tasks incidental or connected to the tasks described in paragraphs a. to c. above,</p> <p>the <i>AER</i> needs to obtain detailed information relating to <i>Power and Water</i> and its relevant activities. However, much of the information required is held only by <i>Power and Water</i> and is not publicly available.</p>		
1.2.8	The <i>AER</i> considers that the information that it requires in response to this notice is necessary to enable it to make the assessments and judgments in paragraphs 1.2.7(a), (b) and c) above, in a manner that accords with paragraph 1.2.7 (d) above.	Noted.	N/A
1.2.9	The <i>AER</i> considers that the information that it receives in response to this notice will enable it to perform its functions and powers under section 15 of the <i>NEL</i> and contribute to the achievement of the <i>NEO</i> .	Noted.	N/A

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<b>1.3</b>	<b>Responding to this notice</b>		
<b>1.3.1</b>	<p><b>Notice response date</b></p> <p><i>Information</i> which is required to be provided in response to this <i>notice</i> is to be delivered to the <i>AER</i> electronically via the <i>AER</i>'s secure file transfer service (or such other method as reasonably specified by the <i>AER</i>), on or before 31 January 2023.</p>	Noted.	N/A
<b>1.3.2</b>	<p><b>Information to be provided to the AER</b></p> <p><i>Power and Water</i> is required to provide the following information to the <i>AER</i>:</p> <ol style="list-style-type: none"> <li>The information specified in section 3 of this <i>notice</i></li> <li>The information specified in section 4 of this <i>notice</i></li> <li><i>A basis of preparation</i> which meets the requirements set out in section 5 of this notice</li> <li><i>Audit reports and/or assurance reports</i> which meet the requirements set out in section 6 of this notice</li> <li>A statutory declaration which meets the requirements set out in section 6 of this <i>notice</i></li> </ol>	Noted.	N/A
<b>1.4</b>	<b>Structure of this notice</b>		
	<p>This <i>notice</i> is structured as follows:</p> <ul style="list-style-type: none"> <li>Section 2 sets out the general requirements which apply under this <i>notice</i>.</li> <li>Section 3 identifies the information required to be reported in the <i>regulatory templates</i> from <i>Power and Water</i>.</li> </ul>	Noted.	N/A

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	<ul style="list-style-type: none"> <li>Section 4 identifies the <i>supporting information</i> required from <i>Power and Water</i>.</li> <li>Section 5 identifies the <i>supporting information – basis of preparation</i> required from <i>Power and Water</i>.</li> <li>Section 6 identifies the <i>supporting information - assurance</i> requirements required from <i>Power and Water</i>.</li> <li>Section 7 sets out information around the interpretation and definitions which apply to this <i>notice</i>.</li> <li>Appendix A contains the <i>regulatory templates Power and Water</i> must complete and the <i>Regulatory template</i> instructions.</li> <li>Appendix B contains the definitions which apply under this <i>notice</i>.</li> </ul>		
<b>1.5</b>	<b>Authorisation for this notice</b>		
	<b>Signature received - DATED: 26 October 2022</b> Kris Funston (as delegate) Executive General Manager, Network Regulation	Noted.	N/A
<b>2</b>	<b>General requirements</b>		
<b>2.1</b>	<b>Preparation of information provided to the AER</b>		
<b>2.1.1</b>	Prepare all information required under this <i>notice</i> in a manner and form that is in accordance with the requirements which: <ol style="list-style-type: none"> <li>is in an electronic format</li> <li>includes any underlying calculations and formulae</li> <li>is not password protected</li> </ol>	Noted.	N/A

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	<p>d. does not contain any hidden information</p> <p>e. where relevant, allows for precedents and dependants to be traced</p> <p>f. is fully searchable, in text readable format and is capable of text selection and a 'copy and paste' function being applied to it (all document files must be provided in Microsoft Word or PDF)</p> <p>g. information provided in the <i>regulatory templates</i> must be provided in the workbooks attached to this <i>notice</i>, and</p> <p>h. is readily available for inspection by, or submission to, the <i>AER</i>.</p>		
<b>2.2</b>	<b>Maintaining information provided under the notice</b>		
<b>2.2.1</b>	<i>Power and Water</i> must maintain all information prepared under this <i>notice</i> for a period of seven years from the date the information is submitted to the <i>AER</i> .	Noted.	N/A
<b>2.3</b>	<b>Confidentiality claims</b>		
<b>2.3.1</b>	<p>If <i>Power and Water</i> makes a claim for confidentiality over any information provided in response to this <i>notice</i> <i>Power and Water</i> must:</p> <p>a. comply with the requirements of <i>AER's</i> Confidentiality Guideline, as if it extended and applied to responses to this <i>notice</i></p>	Noted.	<ul style="list-style-type: none"> <li>Confidentiality Response (Attachment 0.02)</li> </ul>

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	<ul style="list-style-type: none"> <li>b. provide, in addition to a confidential version of any information, a version of the information that may be published by the <i>AER</i>, and</li> <li>c. highlight all information that is subject to a confidentiality claim, and if that information is being reported in a <i>regulatory template</i> it must be highlighted using the confidentiality macro in the <i>regulatory template</i>.</li> </ul>		
<b>2.4</b>	<b>Resubmission of information provided under this notice</b>		
<b>2.4.1</b>	<p>If <i>Power and Water</i> is required to resubmit information provided under this notice, <i>Power and Water</i> must:</p> <ul style="list-style-type: none"> <li>a. identify the information which is to be resubmitted</li> <li>b. provide the reason for the resubmission, and</li> <li>c. advise whether or not the resubmitted information results in a <i>material change</i> in <i>Power and Water's</i> response to the <i>notice</i>.</li> </ul>	Noted.	N/A
<b>2.4.2</b>	If the <i>AER</i> accepts the resubmitted information, <i>Power and Water</i> must update the relevant information as directed by the <i>AER</i> .	Noted.	N/A
<b>2.4.3</b>	<p>If <i>Power and Water</i> resubmits information which results in a <i>material change</i> to its response to this <i>notice</i>, the <i>AER</i> may request that <i>Power and Water</i> provide assurance over this information by:</p> <ul style="list-style-type: none"> <li>a. verifying the resubmitted information by way of a statutory declaration in accordance with section 6.2 of this <i>notice</i>; and</li> <li>b. providing the necessary <i>audit report</i> and the <i>assurance report</i> as applicable for the resubmitted information,</li> </ul>	Noted.	N/A



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	prepared in accordance with the requirements set out in section 6.1 of this <i>notice</i> .		
<b>3</b>	<b>Regulatory template requirements</b>		
<b>3.1</b>	<b>Requirement to provide regulatory templates</b>		
<b>3.1.1</b>	<p><i>Power and Water</i> must prepare and provide the <i>AER</i> with the information required in the <i>regulatory templates</i> attached in Appendix A titled:</p> <ol style="list-style-type: none"> <li>1. <i>DNSP 2024-2029 – Reset RIN – Workbook 1 – Forecast data (Workbook 1 – Forecast)</i></li> <li>2. <i>DNSP 2024-2029 – Reset RIN – Workbook 2 - Historical data (Workbook 2 – Historical)</i></li> <li>3. <i>DNSP 2024-2029 – Reset RIN – Workbook 3 - Efficiency Benefit Sharing Scheme (Workbook 3 – EBSS)</i></li> <li>4. <i>DNSP 2024-2029 – Reset RIN – Workbook 4 - Capital Expenditure Sharing Scheme (Workbook 4 – CESS)</i></li> <li>5. <i>DNSP 2024-2029 – Reset RIN – Workbook 5 - Indicative Bill Impact (Workbook 5 – Indicative Bill Impact)</i></li> <li>6. <i>DNSP 2009-2022 – Reset RIN – Workbook 6 - Recast category analysis historical (Workbook 6 – Recast category analysis)</i></li> <li>7. <i>DNSP 2006-2022 – Reset RIN – Workbook 7 - Recast economic benchmarking historical (Workbook 7 – Recast economic benchmarking)</i></li> </ol>	<p>The completed regulatory templates are attached to <i>Power and Water’s</i> RIN response.</p> <p>All templates were completed, except for Workbook 3 - Efficiency Benefit Sharing Scheme. Further to advice received from the <i>AER</i>, Workbook 3 (EBSS) has not been provided as the EBSS did not apply to <i>Power and Water Corporation</i> in the 2019-24 regulatory control period.</p>	<ul style="list-style-type: none"> <li>• Workbook 1 – Forecast (Attachment RIN1.09)</li> <li>• Workbook 2 – Historical (Attachment RIN1.10)</li> <li>• Workbook 4 – CESS (Attachment RIN1.11)</li> <li>• Workbook 5 – Indicative Bill Impact (Attachment RIN1.12)</li> <li>• Workbook 6 – Recast category analysis (Attachment RIN1.13)</li> <li>• Workbook 7 – Recast economic benchmarking (Attachment RIN1.14)</li> </ul>
<b>3.1.2</b>	<i>Power and Water</i> must complete the <i>regulatory templates</i> in accordance with the instructions set out:	Noted.	N/A

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	<ul style="list-style-type: none"> <li>a. in each <i>regulatory template</i>, and</li> <li>b. in the document attached at Appendix A titled '<i>Power and Water 2024-2029 – Regulatory information notice – Appendix A - Regulatory template instructions (Regulatory template instructions)</i>'.</li> </ul>		
3.1.3	<p>The information required in each <i>regulatory template</i> in <i>Workbook 1 – Forecast, Workbook 2 – Historical</i> and <i>Workbook 5 – Indicative Bill Impact</i>, is to be completed in accordance with:</p> <ul style="list-style-type: none"> <li>a. the service classifications set out in the <i>framework and approach paper</i> for the <i>forthcoming regulatory control period</i>, and</li> <li>b. <i>Power and Water’s cost allocation method</i> for the <i>forthcoming regulatory control period</i>.</li> </ul>	Noted.	N/A
3.1.4	<p>The information required in each <i>regulatory template</i> in <i>Workbook 3 – EBSS</i>, and <i>Workbook 4 – CESS</i>, is to be completed in accordance with:</p> <ul style="list-style-type: none"> <li>a. the service classifications that applied in each <i>regulatory year</i>; and</li> <li>b. <i>Power and Water’s cost allocation method</i> that applied in each <i>regulatory year</i>.</li> </ul>	<p>Noted.</p> <p>Further to advice received from the AER, <i>Workbook 3 (EBSS)</i> has not been provided as the EBSS did not apply to <i>Power and Water Corporation</i> in the 2019-24 regulatory control period.</p>	N/A
3.1.5	<p>If:</p> <ul style="list-style-type: none"> <li>a. <i>Power and Water’s cost allocation method</i> has changed during the <i>current regulatory control period</i>, or</li> <li>b. <i>Power and Water’s service classifications</i> have changed from the <i>current regulatory control period</i>, or</li> </ul>	<p><i>Power and Water</i> has identified material changes to information previously submitted to the AER due to the change in service classifications of negotiated connections from standard control services to alternative control services</p>	N/A

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	<p>c. <i>Power and Water</i> proposes to divert from the service classifications set out in the relevant <i>framework and approach paper</i>, or</p> <p>d. <i>Power and Water</i> proposes to change its <i>cost allocation method</i> for the <i>forthcoming regulatory control period</i></p> <p>such that there would be <i>material</i> changes to information previously submitted to the <i>AER</i>, <i>Power and Water</i> must revise any historical information previously submitted to the <i>AER</i> under either the annual Category Analysis or the Economic Benchmarking RIN.</p>	<p>as per the AER’s final Framework and Approach for PWC issued 29 July 2022.</p> <p>As a consequence, <i>Power and Water</i> has recast the SCS asset base to remove historical negotiated connections which have been included in the SCS asset base between 2014-15 to 2021-22.</p>	
3.1.6	<p><i>Power and Water</i> must report information revised in accordance with paragraph 3.1.5 (revised information) in <i>Workbook 6 – Recast category analysis</i> and <i>Workbook 7 – Recast economic benchmarking</i>:</p> <p>a. Where revised information in one table causes a change to information in another table, regardless of whether that other change is a <i>material</i> change, report that change in all relevant tables.</p> <p>b. When reporting any change in any table in a <i>regulatory template</i>, include within that table all information that remains unchanged from that previously reported to the <i>AER</i>.</p>	<p>Workbook 6 – Recast category analysis and Workbook 7 – Recast economic benchmarking have been completed, following verbal and email advice from the AER, and are attached to <i>Power and Water Corporation’s</i> RIN response.</p> <p>All impacted tables have been populated, inclusive of information that remains unchanged from that previously reported to the AER.</p>	<ul style="list-style-type: none"> <li>• Reset RIN Workbook 6 Recast CA Historical (Attachment RIN1.13)</li> <li>• Reset RIN Workbook 7 - Recast EB Historical (Attachment RIN1.14)</li> </ul>
4	<b>Supporting information requirements</b>		
4.1	<b>Requirement to provide supporting information under this notice</b>		

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4.1.1	<i>Power and Water</i> must prepare and provide the <i>AER</i> with the <i>supporting information</i> set out in sections 4, 5 and 6 of this <i>notice</i> .	Refer to the response below, including reference to specific attachments included with our Regulatory Proposal.	N/A
<b>4.2 Information used for the purposes of preparing the regulatory proposal</b>			
4.2.1	<p><b>Consultant reports, material assumptions, etc.</b> Provide information used for the purposes of preparing the <i>regulatory proposal</i> including:</p> <p>a. all consultants' reports commissioned and relied upon in whole or in part;</p>	We are relying on the consultant reports identified in <i>Power and Water's</i> document register, which has been attached to our proposal. Where the author of a document is a consultant, this is made clear in the file name as required by the <i>AER</i> . In addition, we are relying upon a report known as "FarrierSwier Report on the NT NER Compliance Obligations register 28 April 2022" referred to in Attachment 9.02 Opex Step Change at pages 17 and 18.	<ul style="list-style-type: none"> <li>Opex Step Changes (Attachment 9.02), pages 17 and 18.</li> <li>Document Register (Attachment 0.05)</li> </ul>
4.2.1	b. all <i>material</i> assumptions relied upon;	The key assumptions and certification from our Board (Attachment 0.04) identifies each material assumption relied upon in the regulatory proposal. Appendix A of 'Addressing the NER capex and opex objectives, criteria and factors' (Attachment 0.06) provides the details required in 4.2.2 for each material assumption.	<ul style="list-style-type: none"> <li>Key Assumptions and Board certification (Attachment 0.04)</li> <li>Addressing the NER capex and opex objectives, criteria and factors (Attachment 0.06)</li> </ul>

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4.2.1	c. a table that references each response to this section 4 and where it is provided in or as part of the <i>regulatory proposal</i> ;	This document (Reset RIN Written Response) has been designed to provide the AER with the information in the form required.	<ul style="list-style-type: none"> <li>Reset RIN Written Response (Attachment RIN 1.03) – this document</li> </ul>
4.2.1	d. a table that references each document provided in or as part of the regulatory proposal and its relationship to other documents provided; and	<p>This information is provided in the document register (Attachment 0.05).</p> <p>The documents have been grouped into relevant categories relating to our regulatory proposal.</p>	<ul style="list-style-type: none"> <li>Document Register (Attachment 0.05)</li> </ul>
4.2.1	<p>e. each document identified in the table referred to in section 4.2.1(d) must be given a meaningful filename in the form: 'Power and Water – [Author] – [title] – [date] – [public/confidential]', where:</p> <ol style="list-style-type: none"> <li><b>Author</b> is the author of the file if not <i>Power and Water</i>, for example a consultant or other third party;</li> <li><b>Title</b> provides a meaningful description of the content of the document, with limited reliance on acronyms or cross references, for example “Appendix 1A” is not meaningful, but “Appendix 1A – Cost allocation method” is;</li> <li><b>Date</b> is a relevant date associated with the file, generally the date the document was created, received or finalised;</li> <li><b>Public/confidential</b> identifies if the file in its entirety can be published (public); or if it contains any information which is the subject of a claim for</li> </ol>	Each document in the document register (Attachment 0.05) has been given a meaningful filename, in accordance with the AER’s instructions.	N/A

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	confidentiality in accordance with this <i>notice</i> (confidential).		
4.2.2	<p>For each <i>material</i> assumption identified in response to section 4.2.1(b) provide:</p> <ol style="list-style-type: none"> <li>a. its source or basis;</li> <li>b. if applicable, its quantum;</li> <li>c. whether and how the assumption has been applied and was taken into account; and</li> <li>d. the effect or impact of the assumption on the <i>capex</i> and <i>opex</i> forecasts in the <i>forthcoming regulatory control period</i> taking into account: <ol style="list-style-type: none"> <li>i. the actual expenditure incurred during the <i>current regulatory control period</i>; and</li> <li>ii. the sensitivity of the forecast expenditure to the assumption.</li> </ol> </li> </ol>	Appendix A of "Addressing the NER requirements" (Attachment 0.06) includes a table outlining the quantum (if applicable) for each material assumption, whether the assumption has been applied and was taken into account. Specifically, we have noted whether the assumption has been applied to capex and/or opex. Where possible, we also identify the impact of the assumption.	<ul style="list-style-type: none"> <li>• Addressing the NER Requirements (Attachment 0.06)</li> </ul>
4.2.3	Provide reconciliation of the <i>capex</i> and <i>opex</i> forecasts provided in the <i>regulatory templates</i> to the proposed capital and operating allowances in the <i>post-tax revenue model</i> for the <i>forthcoming regulatory control period</i> .	We have reconciled the regulatory template information to the PTRM in "RIN Population Model" (Attachment RIN 1.08)	<ul style="list-style-type: none"> <li>• RIN Population Model (Attachment RIN 1.08)</li> </ul>
4.2.4	Where the <i>regulatory proposal</i> varies or departs from the application of any component or parameter of the <i>capital efficiency sharing scheme, efficiency benefit sharing scheme, demand management incentive scheme or service target performance incentive scheme</i> as set out in the <i>framework and approach paper</i> , for each variation or departure explain:	We are not proposing any variation to the EBSS, CESS, or DMIA as set out in the AER's Framework and Approach Paper.	<ul style="list-style-type: none"> <li>• Incentive Scheme Attachment (Attachment 12.01)</li> </ul>

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	<ul style="list-style-type: none"> <li>a. the reasons for the variation or departure, including why it is appropriate;</li> <li>b. how the variation or departure aligns with the objectives of the relevant scheme; and</li> <li>c. how the proposed variation or departure will impact the operation of the relevant scheme.</li> </ul>		
4.2.5	<p><b>Models</b> Provide the models <i>Power and Water</i> has used to:</p> <ul style="list-style-type: none"> <li>a. develop its total forecast <i>capex</i>;</li> <li>b. derive and apply the materials price changes, including any model(s) developed by a third party;</li> <li>c. develop total forecast <i>opex</i>;</li> <li>d. develop proposed charges for <i>public lighting services</i> in the <i>forthcoming regulatory control period</i>;</li> <li>e. forecast new <i>connections</i> and <i>maximum demand</i>;</li> <li>f. calculate the <i>long run marginal cost</i> estimates in <i>Power and Water's proposed tariff structure statement</i>;</li> <li>g. develop proposed charges for <i>metering services</i> (the AER's <i>Standardised metering capex and opex model</i>; and the <i>Standardised metering pricing model</i>); and</li> <li>h. develop proposed charges for <i>ancillary network services</i> (the AER's <i>Standardised ancillary network services model</i>)</li> </ul>	<p>The models used for items (a), (b), (c), (e), (f), (g) and (h) are attached to the Regulatory Proposal.</p> <p>As <i>Power and Water</i> does not provide regulated public lighting services, no models are included that relate to item (d).</p>	<ul style="list-style-type: none"> <li>• SCS Capex Model (Attachment 8.02)</li> <li>• SCS Connection Model (Attachment 8.63)</li> <li>• SCS Opex Model (Attachment 9.03)</li> <li>• SCS PTRM (Attachment 10.02)</li> <li>• SCS Roll-forward Model (Attachment 10.03)</li> <li>• SCS Depreciation Model (Attachment 10.04)</li> <li>• Rate of Return Model (Attachment 10.06)</li> <li>• CESS Revenue Model (Attachment 10.07)</li> <li>• Corporate Assets Model (Attachment 10.08)</li> </ul>

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			<ul style="list-style-type: none"> <li>• SCS Pricing Model (Attachment 11.03)</li> <li>• ACS Metering Expenditure Model (Attachment 13.05)</li> <li>• ACS Metering Pricing Model (Attachment 13.06)</li> <li>• ACS Metering Roll-forward Model (Attachment 13.07)</li> <li>• ACS Metering PTRM (Attachment 13.08)</li> <li>• ACS Metering Depreciation Model (Attachment 13.09)</li> <li>• ACS Fee Based and Quoted Services Model (Attachment 13.11).</li> </ul>
<b>4.3</b>	<b>Classification of services</b>		
<b>4.3.1</b>	<p>If the proposed service classifications in the <i>regulatory proposal</i> depart from any of the service classifications set out in the <i>framework and approach</i> paper:</p> <ol style="list-style-type: none"> <li>a. provide, in a second set of <i>regulatory templates</i>, all information required in each <i>regulatory template</i> in accordance with the instructions contained therein, modified as necessary, to incorporate the proposed service classifications; and</li> <li>b. identify and explain where the <i>regulatory templates</i> differ.</li> </ol>	<p>We are not proposing to depart from any of the service classifications set out in the Framework and Approach Paper.</p>	<ul style="list-style-type: none"> <li>• Chapter 7 of our Regulatory Proposal</li> <li>• Service Classification Attachment (Attachment 7.01)</li> </ul>



Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
<b>4.4</b>	<b>Capital expenditure</b>		
<b>4.4.1</b>	<p>Provide justification for <i>Power and Water’s</i> total <i>forecast capex</i>, including the following information:</p> <p>a. why the total <i>forecast capex</i> is required for <i>Power and Water</i> to achieve each of the objectives in clause 6.5.7(a) of the <i>NER</i>;</p>	<p>We present our capex forecast in Chapter 8 of our Regulatory Proposal and in the “Capex Attachment” (Attachment 8.01), which is supported by models, strategy documents and individual business cases for project and programs.</p> <p>We have demonstrated how our total forecast capex achieves each of the objectives in 6.5.7(a) of the NT NER in section 1 of the document “Addressing the Capex and Opex Objectives, Criteria and Factors in the NT NER” (Attachment 0.06).</p>	<ul style="list-style-type: none"> <li>• Chapter 8 of our Regulatory Proposal</li> <li>• Capex Attachment (Attachment 8.01)</li> <li>• Section 1 of the document “Addressing the Capex and Opex Objectives, Criteria and Factors in the NT NER” (Attachment 0.06)</li> </ul>
<b>4.4.1</b>	<p>b. how <i>Power and Water’s</i> total <i>forecast capex</i> reasonably reflects each of the criteria in clause 6.5.7(c) of the <i>NER</i>;</p>	<p>We have demonstrated how our total forecast capex reasonably reflects each of the criteria in 6.5.7(c) of the NT NER in section 1 of the document “Addressing the Capex and Opex Objectives, Criteria and Factors in the NT NER” (Attachment 0.06)).</p>	<ul style="list-style-type: none"> <li>• Section 1 of the document “Addressing the Capex and Opex Objectives, Criteria and Factors in the NT NER” (Attachment 0.06)</li> </ul>

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
4.4.1	c. how <i>Power and Water's</i> total <i>forecast capex</i> accounts for the factors in clause 6.5.7(e) of the <i>NER</i> ;	We have demonstrated how our total forecast capex accounts for the factors in 6.5.7(e) of the NT NER in section 1 of the document "Addressing the Capex and Opex Objectives, Criteria and Factors in the NT NER" (Attachment 0.06)).	<ul style="list-style-type: none"> <li>Section 1 of the document "Addressing the Capex and Opex Objectives, Criteria and Factors in the NT NER" (Attachment 0.06)</li> </ul>
4.4.1	d. an explanation of how the plans, policies, <i>procedures</i> and <i>regulatory obligations</i> or <i>requirements</i> identified in <i>Workbook 1 – Forecast, regulatory templates</i> 7.1 and 7.3 have been used to develop <i>forecast capex</i> ; and	We have addressed how the plans, policies, procedures and regulatory obligations or requirements were used to develop our capex forecasts in section 4 of the "Capex Attachment" (Attachment 8.01)	<ul style="list-style-type: none"> <li>Section 4 of the Capex Attachment (Attachment 8.01)</li> </ul>
4.4.1	e. an explanation of how each response provided to paragraph 4.4.1 (a) to (d) is reflected in any increase or decrease in expenditures or volumes, particularly between the <i>current</i> and <i>forthcoming regulatory control periods</i> , provided in <i>Workbook 1 – Forecast, regulatory templates</i> 2.1 to 2.11.	We have explained the change in capital expenditure between the current and forthcoming period in Sections 2 and 3 of the "Capex Attachment" (Attachment 8.01) and provided further detail on this relationship for each AER capex category in Section 6 to 12 of this document.	<ul style="list-style-type: none"> <li>Section 2, 3 and 6 to 12 of the Capex Attachment (Attachment 8.01)</li> </ul>
4.4.2	Identify which items of <i>Power and Water's</i> forecast capex are: <ul style="list-style-type: none"> <li>a. derived directly from competitive tender processes;</li> <li>b. based upon competitive tender processes for similar <i>projects</i>;</li> <li>c. based upon estimates obtained from <i>contractors</i> or <i>manufacturers</i>;</li> </ul>	Appendix E of the document "Cost Estimation Methodology and Approach" (Attachment 8.07) identifies the basis for cost estimates included in our forecast capex, for each of the identified items a to f.	<ul style="list-style-type: none"> <li>Appendix E of the Cost Estimation Methodology and Approach (Attachment 8.07)</li> </ul>

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
	<p>d. based upon independent benchmarks;</p> <p>e. based upon actual historical costs for similar <i>projects</i>; and</p> <p>f. reflective of any amounts for risk, uncertainty or other unspecified contingency factors, and if so, how these amounts were calculated and deemed reasonable and prudent.</p>		
4.4.3	Provide all documents which were <i>materially</i> relied upon and relate to the <i>deliverability of forecast capex</i> and explain the proposed <i>deliverability</i> .	<p>In section 5 of the “Capex Attachment” (Attachment 8.01) we summarise our capital delivery plan for the forecast capex.</p> <p>We provide further detail in our “Network Capital Delivery Plan” (Attachment 8.06) for network capex, and our “ICT Strategy” (see Attachment 8.65) incorporates delivery of ICT capex.</p>	<ul style="list-style-type: none"> <li>• Section 5 of the Capex Attachment (Attachment 8.01)</li> <li>• Network Capital Delivery Plan (Attachment 8.06)</li> <li>• ICT Strategy (Attachment 8.65)</li> </ul>
4.4.4	<p><b>Capex categories</b></p> <p>Describe each <i>capex category</i> and expenditures relating to these categories identified in the <i>regulatory templates</i>, including:</p> <p>a. key drivers for expenditure;</p>	<p>A summary of the proposed capex is included in Chapter 8 of the Regulatory Proposal.</p> <p>Sections 6 to 12 of the “Capex Attachment” (Attachment 8.01) describe our capex categories with reference to the regulatory templates including replacement capex, augmentation capex, export services (DER capex), connections capex, non-network ICT capex, non-network other capex and capitalised overheads. We include</p>	<ul style="list-style-type: none"> <li>• Chapter 8 of the Regulatory Proposal</li> <li>• Sections 6 to 12 of the Capex Attachment (Attachment 8.01)</li> </ul>

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
		discussion of the key drivers and provide a summary of the proposed expenditure.	
4.4.4	b. an explanation of how expenditure is distinguished between: <ul style="list-style-type: none"> <li>i. <i>greenfield driven and reinforcement driven augex;</i></li> </ul>	Our augmentation programs are based on the least cost solution to address a constraint. The solution may either be the construction of new assets, which we interpret as "greenfield", or upgrading the capacity of existing assets, which we interpret as "reinforcement". Further information on the augmentation projects and programs can be found in section 7 of the "Capex Attachment" (Attachment 8.01)	<ul style="list-style-type: none"> <li>• Section 7 of the Capex Attachment (Attachment 8.01)</li> </ul>
4.4.4	<ul style="list-style-type: none"> <li>ii. <i>connections expenditure and augmentation capex;</i></li> </ul>	Connections capex is required to service new, altered or upgraded connections for residential, commercial and industrial customers. In contrast, the key driver of augex is growth in maximum demand that leads to capacity constraint ("demand driven capex"), compliance with reliability or voltage regulations, or compliance standards requiring an upgrade to the network.  Further information on the drivers and expenditure for augmentation capex can	<ul style="list-style-type: none"> <li>• Section 7 of the Capex Attachment (Attachment 8.01)</li> <li>• Section 9 of the Capex Attachment (Attachment 8.01)</li> </ul>

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
		<p>be found in in section 7 of the “Capex Attachment” (Attachment 8.01).</p> <p>Further information on the drivers and expenditure for connections capex can be found in in section 9 of the “Capex Attachment” (Attachment 8.01).</p>	
4.4.4	<p>iii. <i>replacement capex</i> driven by condition and asset replacements driven by other drivers (e.g. the need for <i>greenfield</i> or <i>reinforcement driven augex</i>); and</p>	<p>Section 6 of the “Capex Attachment” (Attachment 8.01) explain that replacement capex is driven by condition and safety risk of asset failures, as distinguished from augmentation drivers such as growth in maximum demand, or new, altered or upgraded connections.</p>	<ul style="list-style-type: none"> <li>Section 6 of the Capex Attachment (Attachment 8.01)</li> </ul>
4.4.4	<p>iv. any other <i>capex category</i> or <i>opex category</i> where <i>Power and Water</i> considers that there is reasonable scope for ambiguity in categorisation.</p>	<p>We have not identified any other ambiguities.</p>	<p>N/A</p>
4.4.5	<p><b>Replacement capex modelling</b>  In relation to information provided in <i>Workbook 1 – Forecast, regulatory template 2.2</i> and with respect to the <i>AER’s repex model</i>, provide:</p> <p>a. For individual <i>asset</i> categories in each <i>asset</i> group set out in the <i>regulatory templates</i>, provide in a separate document a description of the <i>asset</i> category, including:</p>	<p>The description of individual asset categories relating to template 2.2 can be found in the BOP used for our annual RINs “2021-22 CA RIN BOP” (Attachment RIN1.15).</p>	<ul style="list-style-type: none"> <li>2021-22 CA RIN BOP (Attachment RIN1.15).</li> </ul>

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
4.4.5	i. the <i>assets</i> included and any boundary issues (i.e. with other <i>asset</i> categories);	No boundary issues impacted determination of quantities in the age profiles.	N/A
4.4.5	ii. an explanation of how these matters have been accounted for in determining quantities in the age profile;	No boundary issues impacted determination of quantities in the age profiles.	N/A
4.4.5	iii. an explanation of the main drivers for replacement (e.g. condition); and	The primary drivers for replacement are condition, in particular condition issues that present reliability, safety or compliance risks. These risks have been analysed to determine when replacement is the most prudent and efficient option for replacement. The analysis is described in section 6 of the “Capex Attachment” (Attachment 8.01), our “Power networks strategic asset management plan (SAMP)” and individual asset class plans (Attachments 8.13 to 8.24) and individual Regulatory Business Cases for the project and programs included in our repex forecast (Attachments (8.25 to 8.46).	<ul style="list-style-type: none"> <li>• Section 6 of the Capex Attachment (Attachment 8.01)</li> <li>• Strategic Asset Management Plan (SAMP) (Attachment 8.13)</li> <li>• Individual asset management plans (Attachments 8.14 to 8.24)</li> <li>• REPEX Regulatory Business Cases (Attachments 8.25 to 8.46)</li> </ul>
4.4.5	iv. an explanation of whether the replacement unit cost provides for a complete replacement of the <i>asset</i> , or some other activity, including an extension of the	In general, our cost estimate relates to the complete replacement of the asset, or the complete cost of refurbishing an asset. An exception relates to cable and overhead conductors, which may involve	<ul style="list-style-type: none"> <li>• Cost Estimation Methodology and Approach (Attachment 8.07)</li> </ul>

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
	<p><i>asset's</i> life (e.g. <i>pole</i> staking) and whether the costs of this extension or other activity are capitalised or not.</p>	<p>replacing a section of the cable or conductor at the time a fault arises. In all cases, we have used the most appropriate basis for cost estimation of unit rates based on historical data or current market rates. This is detailed in our “Cost Estimation Methodology” (Attachment 8.07).</p> <p>In addition, specific cost estimation assumptions are also included in individual regulatory business cases.</p>	<ul style="list-style-type: none"> <li>• REPEX Regulatory Business Cases (Attachments 8.25 to 8.46)</li> <li>• AUGEX Regulatory Business Cases (Attachments 8.49 to 8.60)</li> <li>• DER CAPEX Regulatory Business Cases (Attachment 8.61)</li> <li>• ICT Regulatory Business Cases (Attachments 8.66 to 8.74)</li> <li>• Non-network other Regulatory Business Cases (Attachments 8.77 to 8.81)</li> </ul>
<p><b>4.4.6</b></p>	<p><b>Connections expenditure</b> Provide and describe the methodology and assumptions used to prepare the forecasts of <i>connection works</i> including:</p> <p>a. Estimation of <i>connection</i> unit costs for each <i>customer</i> type; and</p>	<p>This is described in Section 9 of the “Capex Attachment” (Attachment 8.01) where we explain our method to derive connections capex. The estimation of unit costs was based on historical averages.</p>	<ul style="list-style-type: none"> <li>• Chapter 8 of the Regulatory Proposal</li> <li>• Section 9 of the Capex Attachment (Attachment 8.01)</li> </ul>
<p><b>4.4.6</b></p>	<p>b. <i>Connection</i> volumes for each <i>customer</i> type.</p>	<p>The approach to derive connection volumes is explained in Section 9 of the “Capex Attachment” (Attachment 8.01).</p> <p>The underlying source for connection volumes by customer type is in the</p>	<ul style="list-style-type: none"> <li>• Section 9 of the Capex Attachment (Attachment 8.01)</li> <li>• Connection Forecast Report (Attachment 8.64)</li> </ul>

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
		"Connection Forecast Report" (Attachment 8.64)	
4.4.7	<p><i>Power and Water</i> must provide its estimation of <i>customer contributions</i> based upon the estimated life and revenue to be recovered from <i>connection assets</i>, including:</p> <ul style="list-style-type: none"> <li>a. the expected life of the <i>connection</i>;</li> <li>b. the <i>average</i> consumption expected by the <i>customer</i> over the life of the <i>connection</i>; and</li> </ul>	<p>The basis of establishing the capital contribution is set out in the Connection Policy (Attachment 8.62).</p> <p>The requested information is set out in Connections Forecast Model (Attachment 8.63) where we estimate capital contributions with reference to expected life of the connection, average consumption, and revenue to be recovered from customers.</p>	<ul style="list-style-type: none"> <li>• Connection Policy (Attachment 8.62)</li> <li>• SCS Connections Model (Attachment 8.63)</li> </ul>
4.4.7	<ul style="list-style-type: none"> <li>c. any other factors that influence the expected recovery of the <i>Power and Water network</i> use of system charge to <i>customers</i>.</li> </ul>	We have not identified any other factors.	N/A
4.4.8	<p><b>Non-network alternatives</b></p> <p>Identify the <i>policies and strategies and procedures</i> in the response to <i>Workbook 1 – Forecast, regulatory template 7.1</i> which relate to the selection of efficient <i>non-network</i> solutions.</p>	We applied the process described in the "Demand Side Engagement Document" (Attachment 8.86) to identify if any opportunities could arise to use efficient non-network solutions. Our forecasting process includes appraisal of non-network options is described in section 4 of the "Capex Attachment" (Attachment 8.01)	<ul style="list-style-type: none"> <li>• Demand Side Engagement Document (Attachment 8.86)</li> <li>• Section 4 of the Capex Attachment (Attachment 8.01)</li> </ul>



Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
4.4.9	<p><b>Non-network alternatives</b></p> <p>Explain the extent to which the provision for efficient <i>non-network</i> alternatives has been considered in the development of the <i>forecast capex</i> and <i>forecast opex</i> proposals.</p>	<p>This is described in individual business cases for our replacement, augmentation, and DER capex projects and programs. The regulatory business cases comprise Attachments 8.25 to 8.46 and 8.49 to 8.61.</p>	<ul style="list-style-type: none"> <li>• REPEX Regulatory Business Cases (Attachments 8.25 to 8.46)</li> <li>• AUGEX Regulatory Business Cases (Attachments 8.49 to 8.60)</li> <li>• DER CAPEX Regulatory Business Cases (Attachment 8.61)</li> </ul>
4.4.10	<p><b>Non-network alternatives</b></p> <p>Identify each <i>non-network</i> alternative that <i>Power and Water</i> has:</p> <p>a. commenced during the <i>current regulatory control period</i>; and</p>	<p>No specific projects have commenced / been identified.</p>	<p>N/A</p>
4.4.10	<p>b. selected to commence during, or will continue into, the <i>forthcoming regulatory control period</i>.</p>	<p>No specific projects have been identified.</p>	<p>N/A</p>
4.4.11	<p>For each <i>non-network</i> alternative identified, provide a description, including cost and location.</p>	<p>No specific projects have been identified.</p>	<p>N/A</p>
4.4.12	<p>Provide, for each year of the <i>current regulatory control period</i>, and for the <i>forthcoming regulatory control period</i>, details of each payment made, or expected to be made, by <i>Power and Water</i> to an <i>embedded generator</i> in reflection of any costs avoided by deferring <i>augmentation</i> of:</p> <p>a. <i>Power and Water's</i> distribution <i>network</i>; or</p> <p>b. the relevant transmission <i>network</i></p>	<p>No payments have been made.</p>	<p>N/A</p>

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
<b>4.5</b>	<b>Forecast input price changes</b>		
<b>4.5.1</b>	Provide: <ol style="list-style-type: none"> <li>a. information supporting or relied upon that explain the change in the price of goods and services purchased by <i>Power and Water</i>, including evidence that any materials price forecasting method explains the price of materials previously purchased by <i>Power and Water</i>.</li> </ol>	Power and Water relied on advice provided by BIS Oxford Economics to forecast the change in the price of goods and services purchased (Attachments 2.02 and 2.03)	<ul style="list-style-type: none"> <li>• BIS Oxford Labour Cost Escalation Report (Attachment 2.02)</li> <li>• BIS Oxford - Materials &amp; Land Input Cost Escalation Report (Attachment 2.03)</li> </ul>
<b>4.5.2</b>	Provide an explanation of: <ol style="list-style-type: none"> <li>a. the methodology underlying the calculation of each price change, including:               <ol style="list-style-type: none"> <li>i. sources;</li> <li>ii. data conversions;</li> <li>iii. the operation of any model(s) provided under paragraph 4.2.5(b); and</li> <li>iv. the use of any assumptions such as lags or productivity gains.</li> </ol> </li> <li>b. whether the same price changes have been used in developing both the <i>forecast capex</i> proposal and <i>forecast opex</i> proposal; and</li> <li>c. if the same price changes have not been used in developing both the <i>forecast capex</i> proposal and <i>forecast opex</i> proposal, why it is appropriate for different expenditure escalators to apply.</li> </ol>	<p>The BIS Oxford Economics reports (Attachments 2.02 and 2.03) explain how it developed the forecast price changes, including the underlying methodology (e.g., sources, data conversions). Power and Water relied on BIS Oxford's forecast for the annual real change in WPI for EGWWS in the Northern Territory. The same price changes were used to develop Power and Water's capex and opex forecast proposals.</p> <p>Our approach to cost escalation is explained in the "Opex Attachment" (Attachment 9.01) and "Capex Attachment" (Attachment 8.01).</p>	<ul style="list-style-type: none"> <li>• BIS Oxford Labour Cost Escalation Report (Attachment 2.02)</li> <li>• BIS Oxford - Materials &amp; Land Input Cost Escalation Report (Attachment 2.03)</li> <li>• Opex Attachment (Attachment 9.01)</li> <li>• Capex Attachment (Attachment 8.01).</li> </ul>
<b>4.6</b>	<b>Operating and maintenance expenditure</b>		

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
4.6.1	<p><b>Total forecast operating and maintenance expenditure (opex)</b> Provide:</p> <ul style="list-style-type: none"> <li>a. justification for <i>Power and Water's</i> total forecast opex, including: <ul style="list-style-type: none"> <li>i. why the proposed total forecast opex is required for <i>Power and Water</i> to achieve each of the objectives in clause 6.5.6(a) of the <i>NER</i>;</li> <li>ii. how <i>Power and Water's</i> total forecast opex reasonably reflects each of the criteria in clause 6.5.6(c) of the <i>NER</i>; and</li> <li>iii. how <i>Power and Water's</i> total forecast opex accounts for the factors in clause 6.5.6(e) of the <i>NER</i>.</li> </ul> </li> </ul>	<p>We have provided the following documents and models relevant to the way we developed total forecast opex for standard control services:</p> <ul style="list-style-type: none"> <li>• Regulatory Proposal: Section 9</li> <li>• Opex Attachment (Attachment 9.01)</li> <li>• Opex Step Change (Attachment 9.02)</li> <li>• SCS Opex Model (Attachment 9.03)</li> </ul> <p>We have specifically addressed how the proposed opex is required to achieve the objectives, reflecting the criteria and accounting for the factors required by the NT-<i>NER</i>, in the document “Addressing the <i>NER</i> capex and opex objectives, criteria and factors” (Attachment 0.06)</p>	<ul style="list-style-type: none"> <li>• Section 9 of the Regulatory Proposal</li> <li>• Opex Attachment (Attachment 9.01)</li> <li>• Opex Step Change (Attachment 9.02)</li> <li>• SCS Opex Model (Attachment 9.03)</li> <li>• Addressing the <i>NER</i> capex and opex objectives, criteria and factors (Attachment 0.06)</li> </ul>
4.6.2	<p><b>Total forecast operating and maintenance expenditure (opex)</b> If <i>Power and Water</i> used a <i>revealed cost base year</i> approach to develop its total forecast opex proposal, provide:</p> <ul style="list-style-type: none"> <li>a. explanation and justification for why that base year represents efficient and recurrent costs.</li> </ul>	<p>We have used a revealed cost approach and have explained and justified the base year value in section 9 of our Regulatory Proposal and in Attachment 9.01.</p>	<ul style="list-style-type: none"> <li>• Section 9 of the Regulatory Proposal</li> <li>• Opex Attachment (Attachment 9.01)</li> </ul>
4.6.3	<p><b>Total forecast operating and maintenance expenditure (opex)</b> If <i>Power and Water</i> does not use a <i>revealed cost base year</i> approach to develop its total forecast provide:</p>	<p>Not applicable, as we have used the revealed cost approach.</p>	<p>N/A</p>

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
	<p>a. explanation of major drivers for the increases and decreases in expenditure by <i>opex category</i> in the <i>forthcoming regulatory control period</i> compared to actual historical expenditure;</p> <p>b. explanation and justification for:</p> <p>i. whether <i>Power and Water</i> considers there is a year of historical <i>opex</i> that represents efficient and recurrent costs; or</p> <p>ii. why <i>Power and Water</i> considers no year of historical <i>opex</i> represents efficient and recurrent costs.</p>		
4.6.4	<p><b>Output growth</b> Provide:</p> <p>a. the output growth drivers <i>Power and Water</i> used to develop the amount of total forecast <i>opex</i> attributable to output <i>growth</i>;</p> <p>b. the weight applied to each output growth driver;</p> <p>c. the forecast amount for each output growth driver;</p> <p>d. evidence that the growth drivers explain cost changes due to output growth; and</p> <p>e. an explanation of how, in developing the amount of total forecast <i>opex</i> attributable to output growth, <i>Power and Water</i> applied the above output growth measure.</p>	<p>We have provided an overview of our output growth trending in section 9 of our Regulatory Proposal.</p> <p>We provide information on our choice of output growth parameters in Attachment 9.01 and our output growth calculations are contained in the SCS opex model (Attachment 9.03).</p>	<ul style="list-style-type: none"> <li>• Section 9 of the Regulatory Proposal</li> <li>• Opex Attachment (Attachment 9.01)</li> <li>• SCS Opex Model (Attachment 9.03)</li> </ul>
4.6.5	<p><b>Real price changes</b> Provide:</p>	<p>We have provided an overview of our real price escalation assumptions in section 9 of our Regulatory Proposal.</p>	<ul style="list-style-type: none"> <li>• Section 9 of the Regulatory Proposal</li> </ul>

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
	<ul style="list-style-type: none"> <li>a. the labour and non-labour inputs used to develop the amount of total forecast <i>opex</i> attributable to input price growth;</li> <li>b. the weight applied to each labour and non-labour input;</li> <li>c. the forecast growth rate applied to each labour and non-labour input; and</li> <li>d. an explanation of how, in developing the amount of total forecast <i>opex</i> attributable to changes in the price of labour and non-labour inputs, <i>Power and Water</i> applied the real price measures in <i>Workbook 1 – Forecast, regulatory template 2.14</i>.</li> </ul>	<p>We provide information on our real price escalation parameters in Attachment 9.01 and our real price escalation calculations are contained in the SCS <i>opex</i> model (Attachment 9.03).</p> <p>The justification for our labour cost escalation, and materials and land cost escalation assumptions are contained in Attachments 2.02 and 2.03.</p>	<ul style="list-style-type: none"> <li>• <i>Opex Attachment</i> (Attachment 9.01)</li> <li>• <i>SCS Opex Model</i> (Attachment 9.03)</li> <li>• <i>BIS Oxford - Labour Cost Escalation Report</i> (Attachment 2.02)</li> <li>• <i>BIS Oxford - Materials &amp; Land Input Cost Escalation Report</i> (Attachment 2.03)</li> </ul>
4.6.6	<p><b>Productivity change</b> Provide, in percentage year on year terms, the productivity measure that <i>Power and Water</i> used to develop the amount of total forecast <i>opex</i> attributable to changes in productivity.</p>	<p>Our productivity assumption is stated in section 9 of our Regulatory Proposal and in Attachment 9.01.</p>	<ul style="list-style-type: none"> <li>• Section 9 of the Regulatory Proposal</li> <li>• <i>Opex Attachment</i> (Attachment 9.01)</li> </ul>
4.6.7	<p>Provide an explanation of:</p> <ul style="list-style-type: none"> <li>a. how, in developing the amount of total forecast <i>opex</i> attributable to changes in productivity, <i>Power and Water</i> applied the productivity measure;</li> <li>b. whether <i>Power and Water's</i> forecast productivity changes capture the historical trend of cost increases due to changes in <i>regulatory obligations or requirements</i> and industry best practice.</li> </ul>	<p>Our calculations applying the productivity measure are contained in the SCS <i>Opex</i> model (Attachment 9.03).</p> <p>Our forecast productivity change is prospective and does not rely on historical trending, therefore 4.6.7(b) does not apply.</p>	<ul style="list-style-type: none"> <li>• <i>SCS Opex Model</i> (Attachment 9.03)</li> </ul>

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
4.6.8	<p><b>Step changes</b> Provide an explanation of why <i>Power and Water</i> considers:</p> <ol style="list-style-type: none"> <li>the efficient costs of the <i>step change</i> are not provided by other components of <i>Power and Water's</i> total forecast <i>opex</i> such as <i>base opex</i>, output growth, real price growth or productivity growth;</li> <li>the total forecast <i>opex</i> will not allow <i>Power and Water</i> to achieve the objectives in clause 6.5.6(a) of the <i>NER</i> unless the <i>step change</i> is included; and</li> <li>the total forecast <i>opex</i> will not reasonably reflect the criteria in clause 6.5.6(c) of the <i>NER</i> unless the <i>step change</i> is included.</li> </ol>	<p>We have provided an overview of our proposed step changes in section 9 of our Regulatory Proposal.</p> <p>We provide information on each step change in Attachment 9.02, and which demonstrates that the step changes are required to achieve the <i>opex</i> objectives and reflect the <i>opex</i> criteria and are not provided by other components of our forecast.</p> <p>The document "Addressing the <i>NER</i> capex and <i>opex</i> objectives, criteria and factors" (Attachment 0.06) provides further information on how we meet the <i>NT-NER</i> requirements.</p>	<ul style="list-style-type: none"> <li>Section 9 of the Regulatory Proposal</li> <li>Opex Step Change (Attachment 9.02)</li> <li>Addressing the <i>NER</i> capex and <i>opex</i> objectives, criteria and factors (Attachment 0.06)</li> </ul>
4.6.9	<p><b>Step changes</b> For each step change in forecast expenditure, provide a description of the <i>step change</i> and an explanation of:</p> <ol style="list-style-type: none"> <li>when the change occurred, or is expected to occur;</li> <li>what the driver of the <i>step change</i> is;</li> <li>how the driver has changed or will change (for example, revised legislation may lead to a change in a <i>regulatory obligation or requirement</i>); and</li> <li>whether the <i>step change</i> is recurrent in nature.</li> </ol>	<p>We have provided an overview of our proposed step changes in section 9 of our Regulatory Proposal and in Attachment 9.01.</p> <p>We provide more specific information on each step change in Attachment 9.02 which describes the changes, the drivers and timings relevant to each step change. Each of the proposed step changes is recurrent.</p>	<ul style="list-style-type: none"> <li>Section 9 of the Regulatory Proposal</li> <li>Opex Attachment (Attachment 9.01)</li> <li>Opex Step Change (Attachment 9.02)</li> </ul>

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
4.6.10	<p><b>Step changes</b> For each step change in forecast expenditure, provide justification for when, and how, the step change affected, or is expected to affect:</p> <ul style="list-style-type: none"> <li>a. the relevant <i>opex category</i>;</li> <li>b. the relevant <i>capex category</i>;</li> <li>c. total <i>opex</i>; and</li> <li>d. total <i>capex</i>.</li> </ul>	<p>We have provided an overview of our proposed step changes in section 9 of our Regulatory Proposal and in Attachment 9.01.</p> <p>We provide more specific information to justify each step change in Attachment 9.02 which describes the changes, the drivers and timings relevant to each step change.</p> <p>The relevant opex categorisation of the step changes is accounted for in sheet 3.2 of our Reset RIN. The impact of the step changes on total opex is demonstrated in the SCS opex model (Attachment 9.03).</p> <p>Several of the step changes are related to capex projects, and therefore changes to the relevant category of forecast capex will have a corresponding impact to the opex step change. This relates primarily to the capex categories of DER capex and non-network ICT capex</p>	<ul style="list-style-type: none"> <li>• Section 9 of the Regulatory Proposal</li> <li>• Opex Attachment (Attachment 9.01)</li> <li>• Opex Step Change (Attachment 9.02)</li> <li>• SCS Opex Model (Attachment 9.03)</li> <li>• Reset RIN Workbook 1 - Public (Attachment RIN1.09)</li> </ul>
4.6.11	<p><b>Step changes</b> For each <i>step change</i> in forecast expenditure, provide the process undertaken by <i>Power and Water</i> to identify and quantify the <i>step change</i>; provide cost benefit analysis that demonstrates how <i>Power</i></p>	<p>The process by which we have identified and quantified each step change, is provided in Attachment 9.02.</p> <p>Several of the step changes are related to capex projects, and therefore changes</p>	<ul style="list-style-type: none"> <li>• Opex Step Change (Attachment 9.02)</li> <li>• RBC - DER CAPEX Dynamic Operating Envelopes</li> </ul>

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	<p><i>and Water</i> proposes to address the <i>step change</i> in a prudent and efficient manner, including:</p> <ol style="list-style-type: none"> <li>a. the timing of the <i>step change</i>; and</li> <li>b. if <i>Power and Water</i> considered a ‘do nothing’ option, evidence of how <i>Power and Water</i> assessed the risks of this option compared with other options.</li> </ol>	<p>to the relevant category of forecast capex will have a corresponding impact to the opex step change. This relates primarily to the capex categories of DER capex and non-network ICT capex.</p> <p>The capex projects are supported by business cases.</p>	<p>(Hosting Capacity) (Attachment 8.61)</p> <ul style="list-style-type: none"> <li>• RBC - ICT Cyber Security baseline (Attachment 8.72)</li> <li>• RBC - ICT OT Capability Uplift (Attachment 8.73)</li> </ul>
4.6.12	<p><b>Step changes</b></p> <p>For each <i>step change</i> in forecast expenditure, where the <i>step change</i> is due to a change in a <i>regulatory obligation or requirement</i> provide:</p> <ol style="list-style-type: none"> <li>a. relevant variations or exemptions granted to <i>Power and Water</i> during the <i>previous regulatory control period</i> or the <i>current regulatory control period</i>;</li> <li>b. any relevant compliance audits <i>Power and Water</i> conducted during the <i>previous regulatory control period</i> or the <i>current regulatory control period</i>.</li> <li>c. with reference to specific clauses of the relevant legislative instrument(s), the: <ol style="list-style-type: none"> <li>i. <i>previous regulatory obligation or requirement</i>; and</li> <li>ii. how the changed <i>regulatory obligation or requirement</i> is driving the <i>step change</i>.</li> </ol> </li> </ol>	<p>We have provided information relevant to step changes driven by our need to respond to regulatory obligations, in Attachment 9.02. This is primarily relevant to the Cyber Security and Regulatory Obligations step changes.</p>	<ul style="list-style-type: none"> <li>• Opex Step Change (Attachment 9.02)</li> <li>• RBC - ICT Cyber Security baseline (Attachment 8.72)</li> </ul>
4.7	<b>Ancillary network services</b>		



Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
4.7.1	Provide a description of each <i>ancillary network service</i> listed in the <i>Standardised ancillary network services model</i> published by the AER.	We describe each of the ancillary network service in the “Ancillary Services Attachment Fee Based and Quoted Services” (Attachment 13.10), and “Ancillary Services Model ACS Fee Based and Quoted Services Model” (Attachment 13.11).	<ul style="list-style-type: none"> <li>• Ancillary Services Attachment Fee Based and Quoted Services (Attachment 13.10)</li> <li>• ACS Fee Based and Quoted Services Model (Attachment 13.11)</li> </ul>
4.8	<b>Incentive schemes</b>		
4.8.1	<b>Efficiency benefit sharing scheme</b> For the purposes of applying the <i>efficiency benefit sharing scheme</i> : <ol style="list-style-type: none"> <li>identify all cost categories proposed to be excluded from the operation of the <i>efficiency benefit sharing scheme</i>;</li> <li>explain for each cost category identified the reasons for the proposed exclusion.</li> </ol>	We describe the proposed approach to the EBSS in the “Incentive Scheme Attachment” (Attachment 12.01). Consistent with the AER's EBSS guideline, Power and Water propose to exclude debt raising costs from the operation of the EBSS because these costs were not forecast using the base-step-trend method.	<ul style="list-style-type: none"> <li>• Incentive Scheme Attachment (Attachment 12.01)</li> </ul>
4.8.2	<b>Service target performance incentive scheme and customer service incentive scheme</b> If <i>Power and Water</i> proposes to apply an <i>incentive design</i> under the <i>AER's Customer Service Incentive Scheme</i> , this proposal must meet the requirements under clause 3.3 of the <i>Customer Service Incentive Scheme</i> .	Consistent with the AER's Framework and Approach Paper, we do not propose to apply an incentive design under the AER's Customer Service Incentive Scheme.	<ul style="list-style-type: none"> <li>• Incentive Scheme Attachment (Attachment 12.01)</li> </ul>
4.9	<b>Indicative impact on annual electricity bills</b>		

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
4.9.1	For the purposes of calculating the impact of <i>Power and Water’s regulatory proposal</i> on the annual electricity bill of typical <i>residential</i> and business customers in Northern Territory, provide the data source for each input used for the calculation.	<p>A typical residential and commercial customer’s annual consumption and billable demand were determined by analysing historical billing data for each tariff.</p> <p>We have described our methodology for in section 3 of the “Tariff Structure Statement” (Attachment 11.01) and the Customer and Bill Impacts section (section 5) of the “Tariff Structure Explanatory Statement” (Attachment 11.02).</p>	<ul style="list-style-type: none"> <li>• Tariff Structure Statement (Attachment 11.01)</li> <li>• Tariff Structure Statement Explanatory (Attachment 11.02)</li> </ul>
4.10	<b>Proposed tariff structure statement</b>		
4.10.1	Provide and describe the methodology and assumptions used to prepare the long run marginal cost estimates in Power and Water’s tariff structure statement.	<p>We have described our methodology and key assumptions used for these estimates in section 3 of the “Tariff Structure Statement” (Attachment 11.01).</p> <p>We have drawn from advice provided by Energeia in their “LRMC Report” (Attachment 11.05) that describes the approach to long run marginal cost modelling for network tariffs.</p>	<ul style="list-style-type: none"> <li>• Tariff Structure Statement (Attachment 11.01)</li> <li>• LRMC Report (Attachment 11.05)</li> </ul>
4.10.2	Describe the relationship between the expenditure, demand and other inputs (as appropriate) used in the model provided under this section and the expenditure, demand and other forecasts (as	Our pricing model assumptions are based on the same inputs developed and detailed in the demand forecast	<ul style="list-style-type: none"> <li>• System Minimum and Maximum Demand</li> </ul>

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	appropriate) provided as part of the building block proposal for the forthcoming regulatory control period.	(Attachment 8.48), energy forecast (Attachment 11.06) and connection forecast documents (Attachment 8.64), provided by Energeia.	Forecast Report (Attachment 8.48) <ul style="list-style-type: none"> <li>• Energy Forecast Report (Attachment 11.06)</li> <li>• Connections Forecast Report (Attachment 8.64)</li> </ul>
4.10.3	If Power and Water calculates the long run marginal cost estimates using a method different from the Average Incremental Cost method, Power and Water must provide all inputs, definitions and sources for inputs, a description of the methodology, and calculations for every stage of the methodology in the materials submitted to the AER.	Not applicable, as we have used the AIC based approach.	N/A
4.10.4	Describe the methods and assumptions used to derive the disaggregated capex beyond the forthcoming regulatory control period. Provide any model(s) used to derive such capex.	<p>We project forward current capex rates by network level using the forecast change in peak system demand, driving with the known relationship between forecast capex and peak demand in the current regulatory period. We have described our methodology for these estimates in section 3.2 of the “LRMC Report” (Attachment 11.05).</p> <p>Our methodology for forecast maximum demand is described in section 5 of the “System Minimum and Maximum Demand Forecast Report” (Attachment 8.48).</p>	<ul style="list-style-type: none"> <li>• LRMC Report (Attachment 11.05)</li> <li>• System Minimum and Maximum Demand Forecast Report (Attachment 8.48)</li> </ul>

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
4.10.5	Describe the methods and assumptions used to derive the disaggregated opex beyond the forthcoming regulatory control period. Provide any model(s) used to derive such opex.	<p>We have identified our opex estimates considered in the LRMC calculation through the relationship between opex and capex over time using Energeia's industry expertise.</p> <p>We have described our methodology for these estimates in section 3.2 of the "LRMC Report" (Attachment 11.05).</p>	<ul style="list-style-type: none"> <li>• LRMC Report (Attachment 11.05)</li> </ul>
4.10.6	Describe the methods and assumptions used to derive the disaggregated demand beyond the forthcoming regulatory control period. Provide any model(s) used to derive such demand.	<p>We estimate disaggregated peak demand based on historical customer billing data. We have described our methodology for these estimates in section 3.2.3 of the "LRMC Report" (Attachment 11.05) provided by Energeia.</p> <p>Our methodology for forecast peak demand is described in section 5 of the "System Minimum and Maximum Demand Forecast Report" (Attachment 8.48).</p>	<ul style="list-style-type: none"> <li>• LRMC Report (Attachment 11.05)</li> <li>• System Minimum and Maximum Demand Forecast Report (Attachment 8.48)</li> </ul>
4.11	<b>Rate of return</b>		
4.11.1	For the purposes of assessing Power and Water's proposal, we require it to provide 'placeholder' averaging periods which will be made public and have been used to calculate an indicative rate of return in Power and Water's regulatory proposal.	We have used the 20 business days to 31 October 2022 as the placeholder averaging period for the risk-free rate parameter and the prevailing return on debt parameter.	<ul style="list-style-type: none"> <li>• Revenue (Building Block) Attachment (Attachment 10.01)</li> <li>• Rate of Return - Averaging Period (Attachment 10.05)</li> </ul>

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
<b>4.12</b>	<b>Regulatory asset base</b>		
<b>4.12.1</b>	If the value of the regulatory asset base as at the start of the forthcoming regulatory control period is proposed to be adjusted because of changes to asset service classification, provide details including relevant supporting information used to calculate that adjustment value.	We do not propose to adjust the regulatory asset base for changes to asset service classification.	<ul style="list-style-type: none"> <li>Revenue (Building Block) Attachment (Attachment 10.01)</li> </ul>
<b>4.12.2</b>	Provide details of any departure in the allocation of actual capex, asset disposal and customer contribution values across asset classes in the roll forward model from those reported in the Annual Reporting RIN for the relevant regulatory years and the reasons for that departure.	We have restated its historical connection capex to remove generator connections. This has reduced actual capex and customer contributions compared with what was reported in the Annual Reporting RIN for the 2018-19, 2019-20, and 2020-21 years.	<ul style="list-style-type: none"> <li>Revenue (Building Block) Attachment (Attachment 10.01)</li> <li>SCS Roll Forward Model (Attachment 10.03)</li> </ul>
<b>4.13</b>	<b>Depreciation schedules</b>		
<b>4.13.1</b>	Identify any changes to standard asset lives for existing asset classes from the previous determination. Explain the reason(s) for each change and provide supporting information.	Proposed changes to the asset lives for existing asset classes and reasons for these are identified and explained in the "Revenue (Building Block) Attachment" (Attachment 10.01).	<ul style="list-style-type: none"> <li>Revenue (Building Block) Attachment (Attachment 10.01)</li> </ul>
<b>4.13.2</b>	Identify any changes in the post-tax revenue model to asset classes from the previous determination. Explain the reason(s) for using these new asset classes and provide supporting information on their proposed standard asset lives.	Proposed changes to the asset classes and reasons for these are identified and explained in the "Revenue (Building Block) Attachment" (Attachment 10.01).	<ul style="list-style-type: none"> <li>Revenue (Building Block) Attachment (Attachment 10.01)</li> </ul>

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
4.13.3	If any existing asset classes from the previous determination are proposed to be removed and their residual values to be reallocated to other asset classes in the post-tax revenue model, explain the reason(s) for the change and provide supporting information. This should include a demonstration of the materiality of the change on the forecast depreciation allowance.	We are not proposing to remove any existing asset classes.	<ul style="list-style-type: none"> <li>Revenue (Building Block) Attachment (Attachment 10.01)</li> </ul>
4.14	<b>Corporate tax allowance</b>		
4.14.1	Identify each change to standard tax asset lives for existing asset classes from the previous determination. Explain the reason(s) for the change and provide relevant supporting information, including Federal tax laws governing depreciation for tax purposes.	Proposed changes to the tax asset lives for existing asset classes and reasons for these are identified and explained in the “Revenue (Building Block) Attachment” (Attachment 10.01).	<ul style="list-style-type: none"> <li>Revenue (Building Block) Attachment (Attachment 10.01)</li> </ul>
4.14.2	Identify each difference in the capitalisation of expenditure for regulatory accounting purposes and tax accounting purposes. Provide reasons and supporting calculations to reconcile any differences between the two forms of accounts.	For regulatory purposes, we are not proposing any difference in capitalisation for regulatory accounting purposes and regulatory tax accounting purposes.	<ul style="list-style-type: none"> <li>Revenue (Building Block) Attachment (Attachment 10.01)</li> </ul>
4.14.3	<p>Please provide the following information regarding immediate expensing capex for standard control services:</p> <ol style="list-style-type: none"> <li>Explain the approach Power and Water used to forecast its immediate expensing capex for the 2024–2029 regulatory control period as provided in the proposed post-tax revenue models.</li> <li>State if Power and Water intends to change its tax policy on immediate expensing capex from its current policy.</li> </ol>	We have forecast immediate expensing capital expenditure for SCS as 100% of forecast capitalised network and corporate overheads. This is consistent with the immediately expensed capital expenditure reported in response to the Annual Reporting RIN for 2019-20, 2020-21 and 2021-22.	<ul style="list-style-type: none"> <li>Revenue (Building Block) Attachment (Attachment 10.01)</li> </ul>

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
		We do not intend to change our tax policy on immediate expensing capital expenditure for its current policy.	
4.14.4	<p>The post-tax revenue model applies the diminishing value (DV) method for tax depreciation purposes to all new depreciable assets except for certain assets. Where Power and Water proposes capex associated with buildings and in-house software to be exempted from the DV method of tax depreciation, confirm that the proposal satisfies the following requirements:</p> <ol style="list-style-type: none"> <li>a. Buildings (capital works): Capex for buildings may be depreciated using the straight-line (SL) method if it satisfies the definition of a capital work under section 43.20 of the Income Tax Assessment Act 1997 (ITAA).</li> <li>b. In-house software: Capex for in-house software may be depreciated using the SL method if it satisfies the definition of in-house software under section 995.1 of the ITAA, and may be depreciated using the SL method, consistent with section 40.72 of the ITAA.</li> </ol>	<p>The Regulatory Proposal satisfies the requirements set out in (a) and (b).</p> <p>We have adopted the default depreciation methods contained in the latest version of the PTRM published by the AER.</p>	<ul style="list-style-type: none"> <li>• Revenue (Building Block) (Attachment 10.01)</li> <li>• SCS Post-Tax Revenue Model (Attachment 10.02)</li> </ul>
4.15	<b>Related party transactions</b>		
4.15.1	<p>Identify and describe all entities which:</p> <ol style="list-style-type: none"> <li>a. are a related party to Power and Water and contribute to the provision of distribution services; or</li> <li>b. have the capacity to determine the outcome of decisions about Power and Water’s financial and operating policies.</li> </ol>	<p>Power and Water is a Government Owned Corporation, having its own Board and Executive responsible for its financial and operating policies.</p> <p>Power and Water notes that it obtains services such as payroll, fleet and IT under a Northern Territory Government</p>	N/A

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
		<p>contract with the Department of Corporate and Digital Development.</p> <p>Based on our understanding of the AER's definition of related party, we have not identified any related party that contribute to the provision of distribution services.</p>	
4.15.2	Provide a diagram of the organisational structure depicting the relationships between all the entities identified in the response to this section 4.15.	As noted in 4.15.1, we have not identified any related party that contributes to the provision of distribution services or have the capacity to determine the outcome of decisions about Power and Water's financial and operating policies.	N/A
4.15.3	<p>Identify:</p> <ul style="list-style-type: none"> <li>a. all arrangements or contracts between Power and Water and any of the other entities identified in the response to this section 4.15 currently in place or expected to be in place during the forthcoming regulatory control period which relate directly or indirectly to the provision of distribution services and (b) the service or services that are the subject of each arrangement or contract.</li> </ul>	<p>As noted in 4.15.1, we have not identified any related party that contributes to the provision of distribution services or have the capacity to determine the outcome of decisions about Power and Water's financial and operating policies.</p> <p>We note that services provided by the Department of Corporate and Digital Development (DCDD) such as payroll, fleet and IT services, whilst not captured under 4.15, are provided on an arms-length basis.</p>	N/A



Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
4.15.4	<p>For each service identified as the subject of each arrangement or contract:</p> <ul style="list-style-type: none"> <li>a. provide: <ul style="list-style-type: none"> <li>i. a description of the process used to procure the service; and</li> <li>ii. supporting documentation including, but not limited to, requests for tender, tender submissions, internal committee papers evaluating the tenders, contracts between Power and Water and the relevant provider.</li> </ul> </li> <li>b. explain: <ul style="list-style-type: none"> <li>i. why that service is the subject of an arrangement or contract (i.e. why it is outsourced) instead of being undertaken by Power and Water itself;</li> <li>ii. whether the services procured were provided under a standalone contract or provided as part of a broader operational agreement (or similar);</li> <li>iii. whether the services were procured on a genuinely competitive basis and if not, why not; and</li> <li>iv. whether the service (or any component thereof) was further outsourced to another provider by the related party.</li> </ul> </li> </ul>	<p>As noted in 4.15.1, we have not identified any related party that contributes to the provision of distribution services or have the capacity to determine the outcome of decisions about Power and Water's financial and operating policies.</p>	<p>N/A</p>
5	<b>Basis of preparation</b>		
5.1	<b>General instructions</b>		

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
5.1.1	Power and Water must explain the basis upon which it prepared information to populate the input cells for all information (other than forecast information) in the regulatory templates.	Noted.	N/A
5.1.2	The basis of preparation must be a separate document (or documents) that Power and Water submits with its completed regulatory templates.	Noted.	N/A
5.1.3	The basis of preparation must follow a logical structure that enables the AER to clearly understand how Power and Water has complied with the requirements of this notice.	Noted.	N/A
5.2	<b>Basis of preparation requirements</b>		
5.2.1	<p>For historical information provided in response to this notice (i.e. information other than forecast information), Power and Water must prepare a basis of preparation in accordance with the requirements specified in this notice. The basis of preparation must:</p> <ol style="list-style-type: none"> <li>a. demonstrate how the information provided is consistent with the requirements of this notice;</li> <li>b. explain the source from which Power and Water obtained the information provided;</li> <li>c. explain the methodology Power and Water applied to provide the required information, including any assumptions Power and Water made;</li> <li>d. explain, in circumstances where Power and Water cannot report actual information and therefore must report estimated information:</li> </ol>	Prepared in accordance with this notice refer to attachment referenced as per clause 6.1.2 of this notice.	<ul style="list-style-type: none"> <li>• Referenced as per clause 6.1.2 of this notice</li> </ul>

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
	<ul style="list-style-type: none"> <li>i. why an estimate was required, including why it was not possible for Power and Water to use actual information;</li> <li>ii. the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is Power and Waters best estimate.</li> </ul>		
5.2.2	Power and Water may provide additional detail beyond the minimum requirements if Power and Water considers it may assist a user to gain an understanding of the information presented in the regulatory templates.	Noted.	N/A
6	<b>Assurance requirements</b>		
6.1	<b>Audit and/or assurance reports</b>		
6.1.1	Audits and reviews must be conducted in compliance with Australian Auditing and Assurance Standards, as developed by the Auditing and Assurance Standards Board.	<p>We have engaged persons at KPMG who we confirm satisfy the requirements of clause 6.1.8 of this notice.</p> <p>The audit opinion report and review conclusion statements are included as “Reset RIN Audit Report” (Attachment RIN1.06). The attachment demonstrates it has been undertaken in accordance with the requirements of the notice.</p>	<ul style="list-style-type: none"> <li>• Reset RIN Audit Report (Attachment RIN1.06)</li> </ul>
6.1.2	When undertaking an audit or review on the regulatory templates presented by Power and Water, an auditor or assurance practitioner shall opine or attest by reference to Power and Water’s basis of preparation.	Refer to response to 6.1.1.	<ul style="list-style-type: none"> <li>• Reset RIN Audit Report (Attachment RIN1.06)</li> </ul>

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
6.1.3	Provision of audit and assurance reports Power and Water must provide the AER with the audit reports and/or assurance reports as applicable, prepared in accordance with the requirements set out in this section 6.1.	Refer to response to 6.1.1.	<ul style="list-style-type: none"> <li>Reset RIN Audit Report (Attachment RIN1.06)</li> </ul>
6.1.4	Provision of audit and assurance reports Power and Water must provide all reports from the auditor to Power and Water’s management arising from the audit or review engagement.	Refer to response to 6.1.1. Audit report was provided to management.	N/A
6.1.5	<b>General requirement to audit or review</b> The independent audit or review requirements set out in this section 6.1 apply to the following types of historical information collected in the regulatory templates attached at Appendix A: <ol style="list-style-type: none"> <li>Actual financial information;</li> <li>Estimated financial information where Power and Water certifies that it is not possible to provide actual historical information; and</li> <li>Actual and estimated non-financial information</li> </ol>	Refer to response to 6.1.1.	<ul style="list-style-type: none"> <li>Reset RIN Audit Report (Attachment RIN1.06)</li> </ul>
6.1.6	<b>Exceptions to audit or review requirements</b> The general requirement to audit or review does not apply to actual information or estimated information that: <ol style="list-style-type: none"> <li>has previously been audited according to the standards set out in sections 6.1.10, 6.1.11 and 6.1.12, and submitted to the AER; and</li> </ol>	Noted.	N/A

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	<p>b. is not materially altered by changes to the cost allocation method or service classifications to take effect from 1 July 2024.</p>		
6.1.7	<p><b>Exceptions to audit or review requirements</b> In addition, the independent audit or review requirements do not apply to the Forecast information and auto populated cells in the regulatory templates attached at Appendix A.</p>	Noted.	N/A
6.1.8	<p><b>Class of person to conduct audits or reviews</b> The audit or review of actual or estimated financial information must be conducted by the Auditor General Northern Territory, or a person who:</p> <ul style="list-style-type: none"> <li>a. is a registered company auditor who is a member of the Chartered Accountants Australia and New Zealand (CA or FCA) or of CPA Australia (CPA or FCPA) that holds a Certificate of Public Practice; or</li> <li>b. is independent from Power and Water and all of its related bodies corporate – that is, not a principal, member, shareholder, officer, or employee of Power and Water or its related entities;</li> <li>c. is appointed for the purposes of expressing an opinion or conclusion on the audit or review requirements outlined in section 6.1 of this notice;</li> <li>d. has experience in conducting financial, performance, operation or quality assurance audits and conducting data sampling in the electricity industry;</li> </ul>	Refer to response in 6.1.1	N/A

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
	<ul style="list-style-type: none"> <li>e. possesses relevant knowledge and experience in the electricity industry, engineering, IT systems, asset management or customer service as relevant to the audit or review;</li> <li>f. understands regulatory accounting methods, including Power and Water’s cost allocation method and the AER’s Ring-fencing Guideline Electricity Distribution;</li> <li>g. understands the definitions, procedures and methodologies specified in the NER and/or this notice that have been used in the preparation of the information the subject of the audit or review; and</li> <li>h. is available to discuss issues relating to the audit or review with Power and Water and the AER, including where an audit report or assurance report is critical of, or highlights deficiencies in, the audited financial information and/or non-financial information.</li> </ul>		
6.1.9	<p><b>Class of person to conduct audits or reviews</b>  The review of non-financial information may be conducted by a person who is an assurance practitioner as defined in ASAE 3000 Assurance engagements other than audits or reviews of historical financial information and satisfies the requirements set out in (b) to (h) above.</p>	Refer to response in 6.1.1	N/A
6.1.10	<p><b>Audit of actual financial information</b>  The audit of actual financial information must:</p> <ul style="list-style-type: none"> <li>a. comply with Auditing Standard ASA 805 Special Considerations — Audits of Single Financial Statements and</li> </ul>	Refer to response in 6.1.1	N/A

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
	<p>Specific Elements, Accounts or Items of a Financial Statement; and</p> <p>b. include an audit report that includes an opinion as to whether or not the actual financial information provided is presented fairly in accordance with the requirements of this notice and Power and Water’s basis of preparation.</p>		
<p><b>6.1.11</b></p>	<p><b>Review of estimated financial information</b>  The review of estimated financial information must:</p> <p>a. comply with ASRE 2405 Review of Historical Financial Information Other than a Financial Report; and</p> <p>b. include an assurance report as to whether or not anything has come to the auditor’s attention that causes it to suggest that the estimated historical financial information does not, in all material respects, present fairly in accordance with the requirements of this notice and Power and Water’s basis of preparation.</p>	<p>Refer to response in 6.1.1</p>	<p>N/A</p>
<p><b>6.1.12</b></p>	<p><b>Review of non-financial information</b>  The review of the non-financial information must:</p> <p>a. comply with ASAE 3000 Assurance engagements other than audits or reviews of historical financial information; and</p> <p>b. include an assurance report as to whether or not anything has come to the auditor’s attention that causes it to suggest that the historical non-financial information does not, in all material respects, present fairly in accordance with the requirements of this notice and Power and Water’s basis of preparation.</p>	<p>Refer to response in 6.1.1</p>	<p>N/A</p>

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
<b>6.2</b>	<b>Statutory declaration</b>		
<b>6.2.1</b>	<p><b>Context for the provision of a statutory declaration</b> Under s. 28M(d) of the NEL, the AER may ask for information collected under a regulatory information instrument to be verified by way of statutory declaration by an officer of Power and Water. The AER requires a statutory declaration to be made to ensure:</p> <ul style="list-style-type: none"> <li>• the information provided in response to the notice has been given appropriate scrutiny by an officer of the company; and</li> <li>• the information we receive is of sufficient quality such that it is appropriate for the AER to exercise its powers and functions under the NEL to achieve the NEO.</li> </ul>	We have verified the information specified in this notice by way of a statutory declaration. The declaration relating to the RIN is provided at Reset RIN Statutory Declaration Signed (Attachment RIN1.04).	<ul style="list-style-type: none"> <li>• RIN Statutory Declaration Signed (Attachment RIN1.04)</li> </ul>
<b>6.2.2</b>	<p><b>Context for the provision of a statutory declaration</b> The notice requires information be provided to the AER covering the services provided by Power and Water and regulated by the AER.</p>	Noted.	N/A
<b>6.2.3</b>	<p><b>Context for the provision of a statutory declaration</b> In summary, the statutory declaration specifies actual information must be true and accurate and the forecasts and historical estimates provided in response to this notice are the best forecasts and estimates able to be provided by Power and Water. These standards are intended to deliver the highest quality information to the AER, to ensure it is able to make decisions that promote efficient investment in, and efficient operation and use of, energy services for the long-term interests of consumers.</p>	Noted.	N/A



Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
6.2.4	<p><b>Statutory declaration requirements</b> The notice requires a company officer of Power and Water to attest to the quality of the information provided in response to the notice, in accordance with the form of statutory declaration set out in section 6.2.8.</p>	<p>Statutory declaration was attested to in accordance with this notice. The declaration relating to the RIN is provided at Reset RIN Statutory Declaration Signed (Attachment RIN1.04).</p>	<ul style="list-style-type: none"> <li>• RIN Statutory Declaration Signed (Attachment RIN1.04)</li> </ul>
6.2.5	<p><b>Statutory declaration requirements</b> When attesting to the quality of the forecast information provided, the officer of Power and Water should take into account relevant factors including (but not limited to) whether forecast information provided in response to this notice:</p> <ol style="list-style-type: none"> <li>meets the requirements of the NEL and the NER that should be taken into account when preparing the information for the notice and regulatory proposal;</li> <li>meets the requirements of this notice;</li> <li>reflects the outcomes of the consumer consultation undertaken to prepare the regulatory proposal;</li> <li>is consistent with the information provided in the regulatory proposal of Power and Water, including the models for asset roll forward, opex, capex and revenue forecasts;</li> <li>is based on assumptions, which are identified in response to section 4.2.1(b) of this notice, and are justified and supported by evidence;</li> </ol>	<p>Statutory declaration was attested to in accordance with this notice. The declaration relating to the RIN is provided at Reset RIN Statutory Declaration Signed (Attachment RIN1.04).</p>	<ul style="list-style-type: none"> <li>• RIN Statutory Declaration Signed (Attachment RIN1.04)</li> </ul>

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
	<p>f. is consistent with applicable AER Guidelines, or where it varies from those guidelines, is consistent with the variation as set out in the regulatory proposal; and</p> <p>g. is consistent, to the extent possible, with historical information previously provided to the AER.</p>		
6.2.6	<p><b>Statutory declaration requirements</b> When attesting to the quality of the historical information provided, the officer of Power and Water should take into account relevant factors including (but not limited to) whether estimated historical information provided in response to this notice:</p> <p>a. meets the requirements of this notice</p> <p>b. is based on assumptions, which are identified in response to section 4.2.1(b) of this notice, and are justified and supported by evidence;</p> <p>c. is consistent with applicable AER Guidelines, or where it varies from those guidelines, is consistent with the variation as set out in the regulatory proposal; and</p> <p>d. is consistent, to the extent possible, with historical information previously provided to the AER.</p>	Statutory declaration was attested to in accordance with this notice. The declaration relating to the RIN is provided at Reset RIN Statutory Declaration Signed (Attachment RIN1.04).	<ul style="list-style-type: none"> <li>• RIN Statutory Declaration Signed (Attachment RIN1.04)</li> </ul>
6.2.7	<p><b>Form of the statutory declaration</b> An officer of Power and Water is required to complete a statutory declaration form appropriate for the jurisdiction in which the officer resides.</p>	Statutory declaration was completed to in accordance with this notice and the relevant jurisdictional requirements The declaration relating to the RIN is provided at Reset RIN Statutory Declaration Signed (Attachment RIN1.04).	<ul style="list-style-type: none"> <li>• RIN Statutory Declaration Signed (Attachment RIN1.04)</li> </ul>

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
6.2.8	<p><b>Form of the statutory declaration</b></p> <p>In completing the form, the officer must make a declaration in the following terms:</p> <ol style="list-style-type: none"> <li>1. I am an officer, for the purposes of the National Electricity (Northern Territory) Law, of Power and Water Corporation (ABN 15 947 352 360) (Power and Water) a regulated network service provider for the purposes of section 28D of the NEL. I am authorised by Power and Water to make this statutory declaration as part of the response of Power and Water to the Regulatory Information Notice dated 26 October 2022 (notice) served on Power and Water by the Australian Energy Regulator (AER).</li> </ol> <p><i>Historical information</i></p> <ol style="list-style-type: none"> <li>2. I say that the actual information (as defined in the notice) provided in Power and Water’s response to the notice is, to the best of my information, knowledge and belief: <ol style="list-style-type: none"> <li>a. in accordance with the requirements of the notice; and</li> <li>b. true and accurate.</li> </ol> </li> <li>3. Where it is not possible to provide actual information to comply with the notice, Power and Water has, to the best of my information, knowledge and belief: <ol style="list-style-type: none"> <li>a. provided Power and Water’s best estimate of the information in accordance with the requirements of the notice; and</li> <li>b. provided the basis for each estimate, including assumptions made and reasons why the estimate is the best estimate.</li> </ol> </li> </ol>	<p>We have verified the information specified in this notice by way of a statutory declaration. The declaration relating to the RIN is provided at Reset RIN Statutory Declaration Signed (Attachment RIN1.04).</p>	<ul style="list-style-type: none"> <li>• RIN Statutory Declaration Signed (Attachment RIN1.04)</li> </ul>

Section number	Responding to this notice	Written response	Reference to the regulatory proposal attachment
	<p><u>Forecast information</u></p> <p>4. Where Power and Water has provided forecast information in response to the notice, Power and Water has, to the best of my information, knowledge and belief provided forecast information which is Power and Water’s best forecast of the information in accordance with the requirements of the notice.</p>		
<b>7</b>	<b>Definitions</b>		
<b>7.1</b>	<b>Interpretation</b>		
<b>7.1.1</b>	<p>In this notice unless the contrary intention appears:</p> <ul style="list-style-type: none"> <li>• the singular includes the plural, and the plural includes the singular</li> <li>• expressions such as “includes” or “for example”, in any form, are not words of limitation</li> <li>• a reference to any corporation, whether expressly identified or not, includes a reference to any representatives of that corporation, and</li> <li>• words printed in italics like <i>this</i> will have the meaning given in Appendix B of this <i>notice</i>, or the meaning given in the <i>NEL</i> or <i>NER</i> if that term is not defined in this <i>notice</i>.</li> </ul>	Noted.	N/A
<b>7.2</b>	<b>Terms used in this notice and regulatory template station</b>		
<b>7.2.1</b>	The terms used in this notice and in the regulatory templates are defined in Appendix B to this notice.	Noted.	N/A