Transgrid

People. Power. Possibilities.

Regulatory Information Notice Compliance Checklist

2023-28 Transgrid Revenue Proposal

31 January 2022

Contents

Reset Regulatory Information Notice Compliance Checklist

This document details how Transgrid's 2023-28 Revenue Proposal complies with the Reset Regulatory Information Notice (RIN) issued by the AER on 14 January 2022, in particular Schedule 1 of the RIN.

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
GENERAL REQUIREMENTS			
1. Provide Information			
1.1		Provide the information required in each regulatory template in the Microsoft Excel Workbook 1 – Forecast, Workbook 2 – MIC, Workbook 5 – CESS, Workbook 6 – EBSS, Workbook 7– Indicative Bill Impact and Workbook 8 – Capex Historical attached at Appendix A completed in accordance with:	• Information is provided in accordance with these requirements
	(a)	this *notice*;	
	(b)	the instructions in the relevant Microsoft Excel Workbooks attached at Appendix A;	
	(c)	the instructions in Appendix E; and	
	(d)	Transgrid's approved cost allocation methodology.	
1.2		If:	
	(a)	Transgrid's cost allocation methodology has changed during the current regulatory control period, or	• Our Cost Allocation Methodology is provided as an attachment to our Revenue Proposal. • Our Cost Allocation Methodology includes minor changes only to reflect changes to Transgrid's ownership and operational structure.
	(b)	Transgrid proposes to change its cost allocation methodology for the forthcoming regulatory control period;	We do not expect our Cost Allocation Methodology to materially change in the 2023-28 regulatory period.

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
		such that there would be *material* changes to information previously submitted to the *AER, Transgrid* must revise any historical information previously submitted to the *AER* under either the annual Category Analysis or the Economic Benchmarking RIN.	
1.3		*Transgrid* must report information revised in accordance with paragraph 1.2 (*Revised Information*) in the following manner:	Not applicable. No revised information has been submitted.
	(a)	Use Workbook 3 – Recast category analysis and Workbook 4 – Recast economic benchmarking attached at Appendix A to submit the information to the AER.	
	(b)	Report all *Revised Information* in the relevant table in the *regulatory templates*.	
	(c)	Where *Revised Information* in one table causes a change to information in another table, regardless of whether that other change is a *material* change, report that change in the relevant table.	
	(d)	When reporting any change in any table in a *regulatory template*, include within that table all information that remains unchanged from that previously reported to the *AER*.	
1.4		For all information, other than *forecast information*, provide in accordance with this *notice* and the instructions in Appendix E, a *basis of preparation* demonstrating *Transgrid* has complied with this *notice*, in respect of:	See our RIN Basis of Preparation document submitted with our Revenue Proposal submission.
	(a)	the information in each *regulatory template* in the Microsoft Excel Workbooks attached at Appendix A; and	
	(b)	the information prepared in accordance with the following requirements in Schedule 1 of this *notice*: (i) Paragraph 1.2 (ii) Paragraph 4.1(a)(ii)	
1.5		Provide material used for the purposes of preparing the *revenue proposal*:	

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
	(a)	all consultants' reports commissioned and relied upon in whole or in part;	Consultants' reports are listed in the Document Register submitted with our Revenue Proposal.
	(b)	all *material* assumptions relied upon;	See our: • Revenue Proposal: - Section 7.3 - Key opex assumptions - Section 8.5 - Key capex assumptions • Consultants' reports listed in our Document Register
	(c)	a table that references each response to a paragraph in this Schedule 1 and where it is provided in or as part of the *revenue proposal* or *proposed pricing methodology;*	This document (Regulatory Information Notice Compliance Checklist) provides the required information.
	(d)	a table that references each document provided in or as part of the *revenue proposal* or *proposed pricing methodology* and its relationship to other documents provided; and	See our Document Register.
	(e)	each document identified in paragraph 1.5(d) must be given a meaningful filename in the form: Transgrid – [Author] – [Title] – [Date] – [Public/Confidential], where: **Author** is the author of the file if not *Transgrid*, for example a consultant or other third party; **Title** provides a meaningful description of the content of document, with limited reliance on acronyms or cross references, for example "Appendix 1A" is not meaningful, but "Appendix 1A – Cost allocation method" is; **Date** is a relevant date associated with the file, generally the date the document was created; and **Public/Confidential** 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 confidentiality in accordance with paragraph 26 of this *notice* (confidential).	All documents have been labelled in accordance with these requirements.
1.6		Provide for each *material* assumption identified in the response to paragraph 1.5(b):	See our Revenue Proposal:

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents

	(a)	its source or basis;	• Chapter 7 – Opex forecasts
			  - Section 7.3 – Key opex assumptions
			• Chapter 8 – Capex forecast
			  - Section 8.5 key capex assumptions
			The assumptions are summarised in these sections, and, where relevant, explained in further detail in the subsequent sections of chapters 7 and 8 and our Expenditure Overview Papers:
			• Augex Overview Paper
			• Repex Overview Paper
			• Non-network ICT Overview Paper
			• Non-network other Overview Paper
			• Opex Step Change Overview Paper
			Where assumptions are directly relevant to the expenditure forecasts, they will be identified as inputs to our Capex Model and Opex Forecast Model.

	(b)	if applicable, its quantum;	
	(c)	whether, and how, the assumption has been applied and was taken into account; and	
	(d)	the effect or impact of the assumption on the capital and operating expenditure forecasts in the *forthcoming regulatory control period* taking into account: (i) the actual expenditure incurred during the current regulatory control period; and (ii) the sensitivity of the forecast expenditure to the assumption.	
1.7		Provide reconciliation of the capital and operating expenditure forecasts provided in the *regulatory templates* to the proposed capital and operating allowances in the *post-tax revenue model* for the *forthcoming regulatory control period*.	The expenditure forecasts in the regulatory templates reconcile with the proposed allowances in our completed post-tax revenue model (PTRM). See our 2023-28 RIN Population Model.
1.8		Where the *revenue proposal* varies or departs from the application of any component or parameter of the *efficiency benefit sharing scheme*, *capital expenditure sharing scheme* or *service target performance incentive scheme*, for each variation or departure explain	No variations or departures are proposed to the EBSS or CESS, which are addressed in our Revenue Proposal as follows for: • EBSS – Chapter 12 • CESS - Chapter 13, and • STPIS – Chapter 14.
	(a)	the reasons for the variation or departure, including why the departure is appropriate	
	(b)	how the variation or departure aligns with the objectives contained in the relevant scheme; and	

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
	(c)	how the proposed variation or departure will impact the operation of the relevant scheme.	
2. Services provided by Transgrid			
	(a)	the name and a brief description of each category of prescribed transmission service provided by Transgrid that is the subject of the revenue proposal;	See our Revenue Proposal section 1.1.8. Our services.
	(b)	a brief description of the required quality, reliability and security of supply of each *category of prescribed transmission service* provided by *Transgrid*; and	See above.
	(c)	a brief description of the required reliability, safety and security of the transmission system provided by Transgrid in the supply of prescribed transmission services	See our Revenue Proposal section 4.2.2 - Meet network security and reliability requirements.
EXPENDITURE REPORTING			
3. Capital expenditure			
General			
3.1		Provide justification for *Transgrid's* total forecast capex, including:	
	(a)	why the total *forecast capex* is required for *Transgrid* to achieve each of the objectives in clause 6A.6.7(a) of the *NER*;	See our: • Revenue Proposal – - Chapter 2 – What we have hear from our customers in particular 2.4 which sets out how we are responding to our customers priorities - Chapter 4 – What we delivered in 2018-23 in particular section 4.1.4 Benchmarking performance - Chapter 5 – What we will deliver in 2023-28 - Chapter 7- Opex forecasts - Chapter 8 Capex forecasts • Expenditure Overview Papers:
	(b)	how *Transgrid's* total *forecast capex* reasonably reflects each of the criteria in clause 6A.6.7(c) of the *NER*;	
	(c)	how Transgrid's total forecast capex accounts for the factors in clause 6A.6.7(e) of the NER;	

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
			- Augex Overview Paper - Repex Overview Paper - Non-network ICT Overview Paper - Non-network Other Overview Paper The information provided in Chapters 2, 4, 5, 7 and 8 and the our Expenditure Overview Papers together demonstrate how our total forecast capex addresses the objectives in clause 6A.6.7(a)-(e).
	(d)	an explanation of how the plans, policies, *procedures* and *regulatory obligations or requirements* identified in *regulatory templates* 7.1 and 7.3 in *Workbook 1 –Forecast*, consultants reports, and assumptions identified in paragraph 1.6 have been used to develop *forecast capex*; and	See our: • Revenue Proposal section 8.6 - Our expenditure forecasting methods • Section 1.3 Supporting documents of the following Expenditure Overview Papers: - Augex Overview Paper - Repex Overview Paper - Non-network ICT Overview Paper - Non-network Other Overview Paper
	(e)	an explanation of how each response provided to paragraph 3.1(a) to (d) above is reflected in any increase or decrease in expenditures or volumes, particularly between the *current* and *forthcoming regulatory control periods*, provided in *regulatory templates* 2.1 to 2.10 in *Workbook 1 – Forecast*	See our Revenue Proposal Chapter 8, including: • Section 8.1 - Overview • Sections 8.7 to 8.12. Also see our Expenditure Overview Papers.
3.2		Provide the model(s) and methodology *Transgrid* used to develop its total *forecast capex*, including:	
	(a)	a description of how Transgrid prepared the forecast capex, including: (i) how its preparation differed or related to budgetary, planning and governance processes used in the normal operation of *Transgrid's* business; (ii) the processes for ensuring amounts are free of error and other quality assurance steps; and	• For item (a)(i), see our Expenditure Forecasting Methodology, our Revenue Proposal Chapter 8 including section 8.6 - Our expenditure forecasting methods and our Expenditure Overview Papers. These explains that our forecast has been prepared consistently with the approach taken for budgetary, planning and

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
		(iii) if and how *Transgrid* considered the resulting amounts, when translated into price impacts, were in the long term interest of consumers;	governance processes used in the normal running of our business. • For item (a)(ii), the Capex Model includes various checks to ensure that direct capex is appropriately adjusted for inflation and labour cost escalation, and allocated to categories and RAB asset classes. The model also includes checks related to capitalised overheads. The model was peer reviewed for accuracy. In addition, the forecast capex was reviewed internally and externally as set out in: • Section 7 of Augex Overview Paper • Section 6 of Repex Overview Paper • Section 6 and 7 of the Non-network ICT Overview Paper • Section 6 and 7 of Non-network Other Overview Paper • For item (a)(iii), see our Revenue Proposal section 2.4 - Customers' feedback and our response and section 8.4
	(b)	any source material used (including models, documentation or any other items containing quantitative data); and	See our Capex Model and completed PTRM.
	(c)	all calculations that demonstrate how data from the source material has been manipulated or transformed to generate data provided in the *regulatory templates* in *Workbook 1 – Forecast.*	See our RIN Population Model.
3.3		Identify which items of Transgrid's forecast capex are:	See our Revenue Proposal section 8.6 - Our expenditure forecasting methods.
	(a)	derived directly from competitive tender processes;	
	(b)	based upon competitive tender processes for similar *projects*;	
	(c)	based upon estimates obtained from *contractors* or manufacturers;	
	(d)	based upon independent benchmarks;	

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
	(e)	based upon actual historical costs for similar *projects*; and	
	(f)	reflective of any amounts for risk, uncertainty or other unspecified contingency factors, and if so, how these amounts were calculated and deemed reasonable	
3.4		Provide all *documents* which were materially relied upon and relate to the *deliverability* of *forecast capex* and explain the proposed *deliverability*.	See our Repex Overview Paper section 6.16 - Portfolio Optimisation.
Capex categories			
3.5		Describe each *capex category* and expenditures comprising these categories identified in the *regulatory templates*, including:	
	(a)	key drivers for expenditure;	See our • Revenue Proposal section 8.3 - The nature and drivers of our capex. • Repex, Augex, Non-network ICT and Non-network Other Overview Papers. Chapter 2 in each of these documents explains the Nature and external drivers of our capex by category
	(b)	an explanation of how expenditure is distinguished between: (i) connections capital expenditure and augmentation capital expenditure; (ii) *replacement capital expenditure* driven by condition and *asset* replacements driven by other drivers (e.g. the need for demand or non-demand driven *augmentation capital expenditure*); and (iii) any other *capex category* or *opex category* where *Transgrid* considers that there is reasonable scope for ambiguity in categorisation.	For item (i), see our Augex Overview Paper section 2.1 – The nature of Augex. For items (ii) and (iii), see our • Revenue Proposal - section 8.3 - The nature and drivers of our capex. • Repex Overview Paper – Chapter 2 • Augex Overview Paper– Chapter 2 • Non-network ICT Overview Paper – Chapter 2and • Non-network Other Overview Paper – Chapter 2 Chapter 2 in each of our Expenditure Overview Papers explains the Nature and Drivers of our capex by category.

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
4.	**Replacement capital expenditure modelling**		
4.1		In relation to information provided in *Workbook 1 – Forecast, regulatory template* 2.2, and to the extent that the forecasting approach includes this information, provide:	
	(a)	For individual *asset* categories set out in the *regulatory templates*, provide in a separate document: (i) a description of the *asset* category, including: (A) the *assets* included and any boundary issues (i.e. with other *asset* categories); (B) an explanation of how these matters have been accounted for in determining quantities in the age profile; (C) an explanation of the main drivers for replacement (e.g. condition, etc.); and (D) an explanation of whether the replacement unit cost provides for a complete replacement of the *asset*, or some other activity, including an extension of the *asset's* life and whether the costs of this extension or other activity are capitalised or not. (ii) an estimate of the proportion of *assets* replaced for each year of the *current regulatory period*, due to: (A) aging of existing *assets* (e.g. condition, obsolesce, etc.) that should be largely captured by this form of replacement modelling; (B) replacements due to other factors (and a description of those factors); (C) additional *assets* due to the *augmentation*, extension, development of the *network*; and (D) additional *assets* due to other factors (and a description of those factors).	See our Repex Overview Paper sections 4.1 to 4.5.

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
	(b)	For the previous, current and forecast *regulatory control periods*, explain the drivers or factors that have affected changing *network replacement capital expenditure* requirements. Identify and quantify the relative effect of individual matters within the following categories: (i) rules, codes, licence conditions, statutory requirements; (ii) internal planning and *asset* management approaches; (iii) measurable *asset* factors that affect the need for expenditure in this category (e.g. age profiles, risk profiles, condition trend, etc.). Identify and quantify individual factors; (iv) the external factors that can be forecast and the outcome measured (e.g. demand growth, customer numbers) that affect the need for expenditure in this category. Identify and quantify individual factors, covering the forecasts and the outcome (external factors required to be discussed here do not relate to changing obligations which are covered in paragraphs 8.7 and 8.8); (v) technology/solutions to address needs, covering: (A) network; and (B) non-network; (vi) any other significant matters.	See our • Revenue Proposal Chapter 8 and • Repex Overview Paper in particular section 2.2 - Key external drivers of our Repex forecast.
	(c)	Identify and provide information or documentation to justify and support any responses to paragraph 4.1(b)(i)-(vi).	See our Repex Overview Paper Attachment 1 - Supporting documents.
		The information provided in response to paragraph 4.1(b) above, should at least distinguish between the *asset* categories defined in response to paragraph 4.1(a).	See our response to 4.1(b).
5. Non-network alternatives			
5.1		Identify the *policies* and *strategies* and *procedures* provided in the response to *Workbook 1 – Forecast, regulatory template* 7.1 which relate to the selection of efficient non-network solutions.	See our: • 2021 Transmission Annual Planning Report Chapters 2 to 3 and Appendix 3

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
			• Prescribed Capital Investment Process.
5.2		Explain the extent to which the provision for efficient non-network alternatives has been considered in the development of the *forecast capex* proposal and the forecast *opex* proposal.	See our: • Revenue Proposal section 7.5.3 - Specific or category forecasts • Augex Overview Paper sections 4.1, 4.6 and 4.10.3.
5.3		Identify each non-network alternative that Transgrid has	See above.
	(a)	commenced during the current regulatory control period; and	
	(b)	selected to commence during, or will continue into, the *forthcoming regulatory control period*	
5.4		For each non-network alternative identified in the response to paragraph 5.3, provide a description, including cost and location.	See above.
6.	**Forecast price changes**		
6.1		Provide, in Workbook 1 – Forecast, regulatory template 2.14, the price changes assumed by Transgrid in estimating Transgrid's forecast capex proposal and the forecast opex proposal. All price changes must be expressed in percentage year on year real terms.	See our Reset RIN return Workbook 1 – Forecast, regulatory template 2.14 – Forecast price changes.
6.2		Provide:	
	(a)	the model(s) used to derive and apply the materials price changes, including model(s) developed by a third party;	Not applicable as at this stage, we have not included a real increase in material costs in our expenditure forecasts. See our Revenue Proposal section 7.5.2 - Rate of change.
	(b)	in relation to labour escalators, a copy of the current Enterprise Bargaining Agreement or equivalent agreement; and	See our: • Revenue Proposal section 7.5.2 - Rate of change • Transgrid Employees Agreement 2016
	(c)	documents supporting or relied upon that explain the change in the price of goods and services purchased by *Transgrid*, including evidence that	See our Revenue Proposal section 7.5.2 - Rate of change.

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
		any materials price forecasting method explains the price of materials previously purchased by *Transgrid*.	
6.3		Provide also an explanation of :	
	(a)	the methodology underlying the calculation of each price change, including: (i) sources; (ii) data conversions; (iii) the operation of any model(s) provided under paragraph 6.2(a); and (iv) the use of any assumptions such as lags or productivity gains;	See our: • Revenue Proposal section 7.5.2 - Rate of change • BIS Oxford Economics, Labour Escalation Forecasts to 2027-28 report.
	(b)	whether the same price changes have been used in developing both the *forecast capex* proposal and forecast *opex* proposal; and	See our Revenue Proposal section 7.5.2 - Rate of change.
	(c)	if the response to paragraph 6.3(b) is negative, why it is appropriate for different expenditure escalators to apply.	See above.
6.4		If an agreement provided in response to paragraph 6.2(b) is due to expire during the *forthcoming regulatory control period*, explain the progress and outcomes of any negotiations to date to review and replace the current agreement.	Transgrid is currently undergoing negotiations with the team of bargaining representatives and unions with the aim of reaching an 'agreement in principle' for the Transgrid Enterprise Agreement 2020.
7. Operating and maintenance expenditure			
Total forecast operating and maintenance expenditure (opex)			
7.1		Provide:	
	(a)	the model(s) and the methodology *Transgrid* used to develop total forecast *opex*;	See our: • Opex Model • Revenue Proposal section 7.5 - Our forecast opex approach.
	(b)	justification for *Transgrid's* total forecast *opex* proposal, including:	See our: • Revenue Proposal Chapter 7 - Opex forecasts

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
		(i) why the proposed total forecast *opex* is required for *Transgrid* to achieve each of the objectives in clause 6A.6.6(a) of the *NER*; (ii) how *Transgrid's* proposed total forecast *opex* reasonably reflects each of the criteria in clause 6A.6.6(c) of the *NER*; and (iii) how *Transgrid's* proposed total forecast *opex* accounts for the factors in clause 6A.6.6(e) of the *NER*.	• Opex Step Change Overview Paper
7.2		Provide:	See our Revenue Proposal section 7.5.1 - Base year.
	(a)	the quantum of non-recurrent costs for each year of the *forthcoming regulatory control period*; and	
	(b)	an explanation of each non-recurrent cost.	
7.3		If *Transgrid* used a revealed cost *base year* approach to develop its total forecast *opex* proposal, provide:	
	(a)	in Microsoft Excel format, reconciliation (including all calculations and formulae) of *Transgrid's* forecast total *opex* proposal to forecast *prescribed transmission services opex* by *opex driver* in *Workbook 1 – Forecast, regulatory template* 2.16, table 2.16.1;	See our: • Opex Model • Reset RIN return Workbook 1 – Forecast, regulatory template 2.16 - Opex Summary • RIN Population Model, WkB_1_2.16 tab.
	(b)	the base year Transgrid used; and	See our: • Revenue Proposal section 7.5.1 - Base year • HoustonKemp, Efficiency of Transgrid's Base Year Operating Expenditure report.
	(c)	explanation and justification for why that *base year* represents efficient and recurrent costs.	
7.4		If *Transgrid* does not use the revealed costs base year approach to forecasting *opex*, provide:	Not applicable.
	(a)	forecast expenditure by opex category in Workbook 1 – Forecast, regulatory template 2.16, table 2.16.2 for prescribed transmission services opex; and	
	(b)	in Microsoft Excel format, reconciliation (including all calculations and formulae) of *Transgrid's* forecast total *opex* proposal to forecast	

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
		prescribed transmission services opex by *opex category* in *Workbook 1 – Forecast, regulatory template* 2.16, table 2.16.2;	
	(c)	explanation of major drivers for the increases and decreases in expenditure by *opex category* in the *forthcoming regulatory control period* compared to actual historical expenditure;	
	(d)	explanation and justification for: (i) why *Transgrid* considers no year of historic *opex* represents efficient and recurrent costs.	
Real price changes			
7.5		Provide the amount of total forecast *opex* attributable to changes in the price of labour and materials in *Workbook 1 – Forecast, regulatory template* 2.16, table 2.16.1 for *prescribed transmission services opex.*	See our Reset RIN return Workbook 1 – Forecast, regulatory template 2.16 – Opex Summary.
7.6		Provide an explanation of:	See our Revenue Proposal section 7.5.2 - Rate of change.
	(a)	how, in developing the amount of total forecast *opex* attributable to changes in the price of labour and materials, *Transgrid* applied the real price measures in paragraph 7.5; and	
	(b)	whether *Transgrid's* labour price measure compensates for any form of labour productivity change.	
Output growth change			
7.7		Provide the amount of total forecast *opex* attributable to changes in output growth in *Workbook 1 – Forecast,* table 2.16.1 for *prescribed transmission services opex.*	See our Reset RIN return Workbook 1 – Forecast, regulatory template 2.16 – Opex Summary.
7.8		Provide an explanation of:	See our Revenue Proposal section 7.5.2 - Rate of change.
	(a)	how, in developing the amount of total forecast *opex* attributable to changes in output growth, *Transgrid* applied the output growth change measure in paragraph 7.7; and	
	(b)	whether *Transgrid's* output growth change measure compensates for any form of productivity change or forecast price change.	
Productivity change			

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
7.9		Provide the amount of total forecast *opex* attributable to changes in productivity in *Workbook 1 – Forecast,* table 2.16.1 for *prescribed transmission services opex*;	See our Reset RIN return Workbook 1 – Forecast, regulatory template 2.16 – Opex Summary.
7.10		Provide, in percentage year on year terms, the productivity measure that *Transgrid* used to develop the amount of total forecast *opex* attributable to changes in productivity;	See our: • Opex Model • Revenue Proposal section 7.5.2 - Rate of change.
7.11		Provide an explanation of:	See our Revenue Proposal section 7.5.2 - Rate of change.
	(a)	how, in developing the amount of total forecast *opex* attributable to changes in productivity, *Transgrid* applied the productivity measure in paragraph 7.10;	
	(b)	whether *Transgrid's* forecast productivity changes capture the historic trend of cost increases due to changes in *regulatory obligations or requirements* and industry best practice; and	
	(c)	whether *Transgrid's* productivity measure includes productivity change compensated for by the labour price measure used by *Transgrid* to forecast the change in the price of labour.	
8. Step changes			
8.1		Provide the amount of total forecast *opex* attributable to *opex step changes* for in *Workbook 1 – Forecast*, *regulatory template* 2.17, table 2.17.1;	See our Reset RIN return Workbook 1 – Forecast, regulatory template 2.17, table 2.17.1 – Step changes for prescribed transmission services – forecast opex.
8.2		Provide an explanation of why Transgrid considers:	
	(a)	the efficient costs of the *step change* are not provided by other components of *Transgrid's* total forecast *opex* such as base *opex*, output growth changes, real price changes or productivity change;	See our: • Revenue Proposal section 7.5.4 - Step changes • Opex Step Change Overview Paper.
	(b)	the total forecast *opex* will not allow *Transgrid* to achieve the objectives in clause 6A.6.6(a) of the *NER* unless the *step change* is included; and	See our Opex Step Change Overview Paper.

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
	(c)	the total forecast *opex* will not reasonably reflect the criteria in clause 6A.6.6(c) of the *NER* unless the *step change* is included.	See above.
8.3		For all step changes in forecast expenditure provide:	
	(a)	In Workbook 1 – Forecast, regulatory template 2.17, the amount of the step change: (i) forecast in each year of the forthcoming regulatory control period; and, (ii) expected to be incurred in the current regulatory control period;	See our Reset RIN return Workbook 1 – Forecast, regulatory template 2.17 – Step change.
	(b)	a description of the *step change.*	See our: • Revenue Proposal section 7.5.4 - Step changes • Opex Step Change Overview Paper.
8.4		For each *step change* listed in response to paragraph 8.3 provide an explanation of:	See above.
	(a)	when the change occurred, or is expected to occur;	
	(b)	what the driver of the *step change* is;	
	(c)	how the driver has changed or will change (for example, revised legislation may lead to a change in a *regulatory obligation or requirement*); and	
	(d)	whether the *step change* is recurrent in nature.	
8.5		For each *step change* listed in response to paragraph 8.3 provide justification for when, and how, the *step change* affected, or is expected to affect:	
	(a)	the relevant *opex category*;	See our Opex Step Change Overview Paper.
	(b)	the relevant *capex category*;	Not applicable as no step change for capex.
	(c)	total *opex*; and	See our: • Revenue Proposal section 7.5.4 - Step changes

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
			• Opex Step Change Overview Paper.
	(d)	total *capex*.	Not applicable as no step change for capex.
8.6		For each *step change* listed in response to paragraph 8.3 provide the process undertaken by *Transgrid* to identify and quantify the *step change*; provide cost benefit analysis that demonstrates *Transgrid* proposes to address the *step change* in a prudent and efficient manner, including:	See our: • Opex Step Change Overview Paper, and • Opex model
	(a)	the timing of the *step change*; and	
	(b)	if *Transgrid* considered a 'do nothing' option, evidence of how *Transgrid* assessed the risks of this option compared with other options.	
8.7		For each *step change* listed in response to paragraph 8.3 where the *step change* is due to a change in a *regulatory obligation or requirement,* provide:	The circumstances set out in paragraph 8.7 is not relevant to Transgrid's step changes
	(a)	relevant variations or exemptions granted to Transgrid during the previous regulatory control period or the current regulatory control period;	
	(b)	relevant compliance audits Transgrid conducted during the previous regulatory control period or the current regulatory control period.	
8.8		For each *step change* listed in response to paragraph 8.7 provide, with reference to specific clauses of the relevant legislative instrument(s), the:	See our Opex Step Change Overview Paper.
	(a)	previous regulatory obligation or requirement; and	
	(b)	changed regulatory obligation or requirement that is driving the step change.	
Category specific opex			
8.9		Provide the amount of total forecast *opex* attributable to category specific *opex* in *Workbook 1 – Forecast*, *regulatory template* 2.17, table 2.17.5. The amount of total *opex* attributable to category specific *opex* must align with the category specific *opex* reported in table 2.16.1. *Transgrid* is only required to report category specific *opex* in table 2.17.5 for the years commencing in the base year selected in table 2.16.1 to the final year of the *forthcoming regulatory control period*.	Refer to Reset RIN return Workbook 1 – Forecast: • Table 2.17.5 – Category specific opex for prescribed transmission services • Table 2.16.1 – Prescribed transmission services – opex by driver.

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
ECONOMIC BENCHMARKING REPORTING			
9.	**Economic benchmarking**		
9.1		Complete the *Workbook 1 – Forecast*, *regulatory templates* 3.1 to 3.7 in accordance with:	See RIN return Workbook 1 – Forecast, regulatory templates 3.1 to 3.7 in accordance with the requirements of paragraphs 9 of the Reset RIN.
	(a)	the 'Economic Benchmarking RIN for transmission network service providers – Instructions and Definitions' issued to Transgrid on 28 November 2013, chapters 2 to 9;	
	(b)	paragraphs 9.2 to 9.9.	
9.2		The forecast revenue groupings in *Workbook 1 – Forecast, regulatory templates,* table 3.1.1 may be developed by trending forward actual historical revenue groupings in previous *regulatory years*. However:	See RIN return Workbook 1 – Forecast, table 3.1.1 equal total forecast revenue in the Revenue Proposal.
	(a)	total revenues must equal total forecast revenues as proposed by *Transgrid* in its *revenue proposal.*	
9.3		The definition of a tree must be applied when completing the variable "Average number of trees per vegetation maintenance span" (TEF0103) (Workbook 1 – Forecast, regulatory template 3.7).	See RIN return workbook 1 – Forecast, regulatory template 3.7 in accordance with the requirements of paragraph 9.3 of the Reset RIN.
9.4		Transgrid must report the km of route line length that does not have standard vehicle access against the "Standard vehicle access" variable (TEF0106) (Workbook 1 – Forecast, regulatory template 3.7).	See RIN return workbook workbook 1 – Forecast, regulatory template 3.7 in accordance with the requirements of paragraph 9.4 of the Reset RIN.
9.5		Transgrid must report the route line length of its network 600 meters or more above sea level against the "Altitude" variable (TEF0107) (Workbook 1 – Forecast, regulatory template 3.7).	See RIN return workbook workbook 1 – Forecast, regulatory template 3.7 in accordance with the requirements of paragraph 9.5 of the Reset RIN.
9.6		The length of a span that shares multiple *voltage* levels is only to be counted once for the purposes of calculating the "*Route line length*" *variable* (TEF0201) (*Workbook 1 – Forecast*, *regulatory template* 3.7).	See RIN return workbook workbook 1 – Forecast, regulatory template 3.7 in accordance with the requirements of paragraph 9.6 of the Reset RIN.
9.7		For the "*Route line length*" *variable* (TEF0201) where there are *multiple circuits* on a span, the length of each span is considered only once (*Workbook 1 – Forecast*, *regulatory template* 3.7).	See RIN return workbook workbook 1 – Forecast, regulatory template 3.7 in accordance with the requirements of clause 9.7 of the Reset RIN.

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
9.8		All forecast variables in the Workbook 1 – Forecast, regulatory templates 3.1 to 3.7 must align with those in Transgrid's revenue proposal. For the avoidance of doubt this includes forecast: (i) opex and capex; (ii) revenues; (iii) quality of services *variables*; and (iv) energy delivery and quantities of physical *assets.*	All forecast variables in Workbook 1 – Forecast, templates 3.1 to 3.7 align with those in the Revenue Proposal. In the case of templates 3.1 to 3.3, this can be seen in the RIN Population Model, which combines data from the regulatory models underpinning the Revenue Proposal with other data (e.g. past disaggregated revenue) to populate those templates. Templates 3.4 and 3.5 align with the rate of change input values in the Opex Model. Template 7.9 Quality of services align with our Revenue Proposal Chapter 14 – Service Target Performance Incentive Scheme (STPIS).
9.9		RAB asset financial data in the *Workbook 1 – Forecast*, *regulatory template*, 3.3 Assets (RAB) must reconcile to that in *Transgrid's* revenue proposal post-tax revenue model (PTRM) and roll forward model (RFM).	See RIN return workbook 1 – Forecast, regulatory template 3.3 reconcile with our completed PTRM and RFM. This can be seen in the RAB Allocation Model, which rolls forward the as commissioned RAB using data sourced from the PTRM and RFM. For instance, the as commissioned RAB as at 30 June 2023 is $7,084.3 million (Real $2023) in both the RFM and regulatory template 3.3.
NETWORK INFORMATION REPORTING			
10. Demand forecasts			
10.1		Provide and describe the methodology used to prepare the *maximum demand* forecasts.	See our Augex Overview Paper section 7.2.1 – Energy and Maximum demand forecasting.
10.2		Provide:	
	(a)	the model(s) Transgrid used to forecast maximum demand;	See RIN return workbook 1 – Forecast, regulatory template 3.4 uses Forecast growth rates from 2021 Transmission Annual Planning Report

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
			(TAPR). See our 2021 TAPR - Chapter 4 and Appendix 1.
	(b)	where Transgrid's approach to weather correction has changed, provide historically consistent weather corrected maximum demand data, per the format in Workbook 1 – Forecast, regulatory templates 3.4, and 5.4 using Transgrid's current approach. If this data is unavailable, explain why; and	No change.
	(c)	any supporting information or calculations that illustrate how information extracted from *Transgrid's* forecasting model(s) reconciles to, and explains any differences from, information provided in *Workbook 1 – Forecast, regulatory templates* 3.4 and 5.4.	See our 2021 TAPR - Chapter 4 and Appendix 1.
10.3		For each of the methodologies provided and described in response to paragraph 10.1, and, where relevant, data requested under paragraph 10.2(b) and 10.2(c), explain or provide (as appropriate):	
	(a)	the models used;	See our Augex Overview Paper section 7.2.1 – Energy and Maximum demand forecasting.
	(b)	a global[1] (or top-down) and spatial[2] (bottom-up) forecasting processes;	See above.
	(c)	the inputs and assumptions used in the models (including in relation to economic growth, customer numbers and policy changes and provide any associated models or data relevant to justifying these inputs and assumptions);	See our Augex Overview Paper Table 7-1.
	(d)	the *weather correction* methodology, how weather data has been used, and how *Transgrid's* approach to *weather correction* has changed over time;	See our Augex Overview Paper section 7.2.1 – Energy and Maximum demand forecasting.
	(e)	an outline of the treatment of *block loads, transfers* and *switching* within the forecasting process;	See our 2021 TAPR - Chapter 4 and Appendix 1 for Workbook 1 – Forecast, regulatory template 3.4.

[1] A global level forecast is the demand forecast that applies to the network service provider's entire network.

[2] A spatial forecast applies to elements of the network. For transmission network service providers (TNSPs), spatial forecasts could be at the level of connection points with distribution network service providers (DNSPs) and major customers. For DNSPs, spatial forecasts could be at the level of connection point, zone substations and/or HV feeders.

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
			For Workbook 1 – Forecast, regulatory template 5.4, DNSPs have used block loads based on their own local information.
	(f)	any appliance models,[3] where used, or assumptions relating to *average customer* energy usage (by *customer* type);	See our Augex Overview Paper section 7.2.1 – Energy and Maximum demand forecasting.
	(g)	how the forecasting methodology used is consistent with, and takes into account, historical observations (where appropriate), including any calibration processes undertaken within the model (specifically whether the load forecast is matched against actual historical load on the system and *substations*);	See above.
	(h)	how the resulting forecast data is consistent across forecasts provided for each *connection point* identified in *Workbook 1 – Forecast, regulatory template* 5.4 and system wide forecasts;	All connection point forecasts are consistent with DNSP forecasts as published in Appendix 2 of 2021 TAPR.
	(i)	how the forecasts resulting from these methods and assumptions have been used in determining the following: (i) *capex* forecasts; and (ii) operating and *maintenance* expenditure forecasts.	See our: • Augex Overview Paper section 7.2.2, 7.3 and 7.4 • Supporting OERs.
	(j)	whether *Transgrid* used the forecasting model(s) it used in the joint planning process for the purposes of its *revenue proposal*;	Yes, TransGrid uses the forecasts provided by DNSPs in the analysis for projects included in the revenue proposal as explained in 2021 TAPR section 4.3 and 4.5, and Appendix 1.
	(k)	whether *Transgrid* forecasts both *coincident* and *non-coincident maximum demand* at the *connection point*, or other nominated *network* elements, and how these forecasts reconcile with the system level forecasts (including how various assumptions that are allowed for at the system level relate to the *network* level forecasts);	Both are forecast, reconciled in section 7.11.1 of Augex Overview Paper.
	(l)	whether Transgrid records historic maximum demand in MW, MVA or both;	Both

[3] A NSP may incorporate an appliance model in its demand forecasting method to account for the effects of the uptake of appliances (such as air-conditioners) on maximum demand.

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
	(m)	the probability of exceedance that Transgrid uses in network planning;	See our Augex Overview Paper section 7.2.1 – Energy and Maximum demand forecasting.
	(n)	the contingency planning process, in particular the process used to assess high *system demand*;	See our 2021 TAPR Appendix 3.
	(o)	how risk is managed across the *network*, particularly in relation to non-network solutions to peak demand events;	See our 2021 TAPR section 3.1, 4.6 and Appendix 3.
	(p)	whether and how the *maximum demand* forecasts underlying the *revenue proposal* reconcile with any demand information or related planning statements published by AEMO, as well as forecasts produced by any distribution network service providers connected to *Transgrid's network*; and	See our Augex Overview Paper section 7.11 - Validation.
	(q)	how the normal and emergency ratings are used in determining capacity for individual transmission *connection points*.	See our 2021 TAPR Appendix 3 and section A3.6 for how line and equipment thermal ratings are used in our planning process.
10.4		Provide:	
	(a)	evidence that any independent verifier engaged by *Transgrid* has examined the reasonableness of the method, processes and assumptions in determining the forecasts and has sufficiently capable expertise in undertaking a verification of forecasts; and	See our: • Augex Overview Paper section 7.11.3 - External validation • GHD, Demand Driven Augex Forecast Review report • Aurecon, Point Load Study Report • CutlerMerz, 2023-28 Regulatory Proposal Augex Assurance Review.
	(b)	all documentation, analysis and models evidencing the results of the independent verification.	
INCENTIVE SCHEMES AND OTHER REPORTING			
11. Service Target Performance Incentive Scheme			
11.1		For the service component of the *STPIS*, provide the values that *Transgrid* proposes are to be attributed to the performance incentive scheme parameters for the purposes of the application to *Transgrid* of the *STPIS* in the attached *Workbook 1 – Forecast, regulatory template* 7.9, in two parts:	

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
	(a)	data for 2016-2020, and the proposed scheme parameters based on that data is to be provided by 31 January 2022;	See our Reset RIN return Workbook 1 – Forecast, regulatory template 7.9, Table 7.9.1 – Historical performance and proposed floor, caps and targets for the service component of the STPIS.
	(b)	data for 2017-2021, and the proposed scheme parameters based on that data is to be provided by 30 November 2022;	This will be submitted by 30 November 2022
	(c)	the data required in response to paragraphs 11.1(a) and (b) is to be submitted using regulatory template 7.9 STPIS (table 7.9.1) in the attached *Workbook 1 – Forecast*;	See our Reset RIN return Workbook 1 – Forecast, regulatory template 7.9, Table 7.9.1 – Historical performance and proposed floor, caps and targets for the service component of the STPIS.
	(d)	an explanation of how the proposed values to be attributed to those performance incentive scheme parameters comply with the requirements of the *STPIS*;	See our: • Revenue Proposal Chapter 14 – Service Target Performance Incentive Scheme (STPIS) • STPIS Service Component Probability Distribution Fitting.
	(e)	an explanation of the method used to calculate the proposed values to be attributed to those performance incentive scheme parameters and provide supporting calculations;	See above.
	(f)	performance data (including the underlying outage and exclusion data) used to calculate the proposed performance targets in Excel spreadsheet format	See our Reset RIN: • Workbook 1 – Forecast, regulatory template 7.9 STPIS • Workbooks 2 – MIC for years 2014 to 2020
	(g)	for each exclusion claim, please provide supporting evidence which shows how the proposed exclusion claim meets the requirements of the relevant exclusion clause. If such evidence has previously been provided to the *AER*, *Transgrid* may refer to its previous submission, and is not required to resubmit the evidence;	See our previous annual STPIS submissions to the AER.
	(h)	an explanation that data provided in paragraph 11.1(f) are consistently recorded based on the parameter definitions that apply to *Transgrid* under the service component of the *STPIS*.	See our RIN Basis of Preparation document.

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
11.2		For the Market Impact Component of the *STPIS*, provide performance data in accordance with Appendix C of the *STPIS* for the seven calendar years, in two parts:	
	(a)	Data for 2014-2020 is to be provided by 31 January 2022.	See our Reset RIN return Workbook 1 – Forecast, regulatory template 7.9, Table 7.9.4 – Market impact component.
	(b)	Data for 2015-2021 is to be provided by 30 November 2022	This will be submitted by 30 November 2022.
	(c)	The data required in response to paragraphs 11.2(a) and (b) is to be submitted using *regulatory template* 7.9 STPIS (table 7.9.4) in the attached *Workbook 1 – Forecast* and the Market Impact Component Microsoft Excel workbook (*Workbook 2 – MIC*) at Appendix A to this *notice*.	See our Reset RIN return Workbook 1 – Forecast, regulatory template 7.9, Table 7.9.4 – Market impact component.
	(d)	Transgrid is to: (i) make a copy of the *Workbook 2 – MIC* for each relevant year and label each copy as provided for in *Workbook 2 – MIC;* (ii) complete each copy of the *Workbook 2 – MIC* as provided for in the *Workbook 2 – MIC;* (iii) submit to the *AER* completed copies of *Workbook 2 – MIC* with its response to this *notice*.	See our Reset RIN return Workbooks 2 – MIC for years 2014 to 2020 submitted with the Revenue Proposal on 31 January 2022.
	(e)	For each exclusion claim, please provide supporting evidence which shows how the proposed exclusion claim meets the requirements of the relevant exclusion clause. If such evidence has previously been provided to the *AER*, *Transgrid* may refer to its previous submission, and is not required to resubmit the evidence.	See our previous annual STPIS submissions to the AER.
11.3		For the network capability component of the scheme:	
	(a)	provide a network capability incentive parameter action plan (NCIPAP) as required under clause 5.2(b) of the *STPIS*, which must include: (i) for every transmission circuit or injection point on *Transgrid's network*, an explanation of the reason for the limit for each transmission circuit or injection point.	For item (a)(i), see our Reset RIN return Workbook 1 – Forecast, regulatory template 7.9, Table 7.9.3 – Network limit information. For item (a)(ii), see our Augex Overview Paper - section 5.7 - NCIPAP

<table>
<tr><th>RIN Clause</th><th>Provision</th><th>Revenue Proposal cross-reference and other relevant documents</th></tr>
<tr><td></td><td></td><td>(ii) a description of the process that Transgrid undertook to identify the limit for each transmission circuit or injection point.
(iii) a list of proposed priority projects to be undertaken in the relevant regulatory control period to improve the limit of the transmission circuits and injection points identified in (i) in table 7.9.2 of regulatory template 7.9.
(iv) a list of project details for each proposed priority project using the sample format below:
<table>
<tr><td>Transmission circuit / injection point</td><td>[name of targe circuit injection point, etc]</td></tr>
<tr><td>Project ranking</td><td>[the ranking of the priority projects based on the likely benefit of the priority project on customers or wholesale market outcomes]</td></tr>
<tr><td>Scope of works</td><td>[short description of project]</td></tr>
<tr><td>Reasons to undertake the project</td><td>[short description of the limit and reasons for the limit]

The reasons should relate to how the priority project improvement target results in a material benefit (see clause 5.2(c) and 5.2(l) of the STPIS), including outlining the key assumptions on which this result is based. If the priority project is quantitatively justified please outline the methodology used, the benefits considered and the results of the quantitative analysis.</td></tr>
</table></td><td>For item (a)(iii), see our:
• Reset RIN return Workbook 1 – Forecast, regulatory template 7.9, Table 7.9.2 – Proposed priority projects for the network capability incentive parameter
• Revenue Proposal section 14.3.3 - Network Capability Component
• Augex Overview Paper section 5.7 - NICPAP.
For item (a)(iv), refer to 2023-28 NCIPAP Projects spreadsheet.</td></tr>
</table>

<table>
<tr><th>RIN Clause</th><th>Provision</th><th>Revenue Proposal cross-reference and other relevant documents</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><td>Current value of the limit</td><td>[the current value of the limits which the priority project seeks to improve]</td></tr>
<tr><td>Priority project improvement target</td><td>[the target value of the limits following the implementation of the priority project]</td></tr>
<tr><td>Completion date</td><td>[expected completion date]</td></tr>
<tr><td>Capital cost</td><td>[capital expenditure ($2021-22)]</td></tr>
<tr><td>Operating cost</td><td>[operating expenditure ($2021-22)]</td></tr>
</table>
</td><td></td></tr>
<tr><td></td><td>(b)</td><td>in relation to the limits identified in paragraph 11.3(a)(i) of Schedule 1 provide the following network limits information in table 7.9.3 of regulatory template 7.9:
(i) Limit identification: If a thermal limit, identify injection point and/or transmission element (line, cable, transformer). If not a thermal limit, identify the cut set (transmission lines) over which the limit is defined and identify the type of limit; e.g. short term voltage, long term voltage, transient, oscillatory, etc.
(ii) Define limit: If a thermal limit, specify ratings. The ratings are those provided to AEMO for operational purposes. If not a thermal limit, provide the limit equation or upper limit on the cut set.
(iii) Reason for limit: If a thermal limit, provide an explanation of the reason for the limit, including:
(A) identify whether the rating is caused by primary or secondary equipment
(B) specify the equipment that is setting the rating</td><td>See our:
• Reset RIN return Workbook 1 – Forecast, regulatory template 7.9, Table 7.9.3 - Network limit information
• Augex Overview Paper section 5.7 - NICPAP.</td></tr>
</table>

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
		(C) for ratings other than continuous ratings of *transmission lines* and *transformers*, specify the time applicable for the given ratings (i.e. EMER and LDSH ratings) (D) if the limiting element is the *transmission line*, provide details on the number of spans that would require uprating to increase the rating to the conductor design temperature (E) what assumptions were used in the calculation of the line ratings (e.g. ambient temperature, wind speed, wind direction) (F) does the line have weather monitoring? If so, what is being measured? Are dynamic ratings applied operationally? (iv) If not a thermal limit, provide a description of the limiting phenomena; e.g. *voltage* collapse in area X for trip of element Y / generator Y. (v) To understand the *asset* configuration, thermal ratings and secondary plant limits, provide supporting information, for example: (A) single line diagram of terminal stations and substations with major *assets* (e.g. *switchgears*, *transformers*, CT, VT) (B) single line diagram of distribution substations connection (C) plant data information of all major assets (e.g. current, MVA & *voltage* ratings, short circuit capability, *transformer* parameters) (D) secondary plant information (e.g. CT and protection limits) (E) other plant information (e.g. interplant connections, connecting element between line and station) (F) circuit data information (e.g. conductor type, impedance parameters, ratings, route length, *easements*) (G) details of ability to transfer load from one station to another station	

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
		(vi) To understand the *asset* performance, provide supporting information: (A) plant outage investigation report (B) plant unplanned outage data (e.g. for each historical outage, date and time of outage, type of unplanned outage, duration of unavailability of plant of each of the outages) (vii) Is the limit addressed by a priority project? Indicate whether the limit is addressed by a priority project in the NCIPAP. Provide project name. If not, please provide an explanation of why this limit has not been addressed by a priority project.	
	(c)	State whether *Transgrid* has consulted with AEMO regarding the NCIPAP.	We have consulted with AEMO on the NCIPAP.
	(d)	State whether AEMO has disagreed with Transgrid as to: (i) whether a project should be classified as a priority project; (ii) whether a priority project improvement target will result in a material improvement, or (iii) the ranking of the priority projects, and, if so, identify each disagreement and the grounds for the disagreement.	AEMO has agreed on the NCIPAP projects. See AEMO's NCIPAP Endorsement Letter.
	(e)	Explain how Transgrid has considered the impacts of the proposed priority projects on its proposed forecast capex and opex for the forthcoming regulatory control period.	We have not included the costs associated with the proposed priority projects in our 2023-28 forecast capex and opex. See our Revenue Proposal section 8.8.1 - Our Augex profile.
	(f)	State whether the costs of the proposed priority *projects* are included in the proposed *forecast capex* and *opex* for the *forthcoming regulatory control period*.	See above.
	(g)	State whether the benefits and improved limit values for each proposed priority *project* are solely to be attributable to the priority project and not	See our NCIPAP business cases submitted with the Revenue Proposal:

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
		any other work which *Transgrid* is undertaking on the *transmission* network.	• OER-N2176 Rev 2 Uprating DNT 330-132kV Transformers • OER-N2470 Rev 1 Increase Capacity of 94T DLR • OER-N2471 Rev 1 Increase Capacity in Yass Transformers • OER-N2575 Rev 2 Relieve X5 Voltage Stability Constraints • OER-N2631 Rev 1 Darlington Point 220 kV Transfer Tripping Scheme • OER-N2655 Rev 0 Maintain Capacity during Climate Change
12.	**Proposed contingent projects**		
12.1		For each contingent *project* proposed in the *revenue proposal*, provide:	
	(a)	a description of the proposed contingent project, including reasons why Transgrid considers the project should be accepted as a contingent project for the forthcoming regulatory control period;	See our: • Revenue Proposal Chapter 17 - Contingent Projects • Augex Overview Paper Chapter 6 - Contingent Projects.
	(b)	the proposed contingent capex which Transgrid considers is reasonably required for the purpose of undertaking the proposed contingent project;	See above.
	(c)	the methodology used for developing that forecast and the key assumptions that underlie it;	See our Augex Overview Paper sections 7.2 to 7.8.
	(d)	information that demonstrates that the undertaking of the *proposed contingent project* is reasonably required to meet one or more of the objectives referred to in clause 6A.8.1(b)(1) of the *NER*;	See our: • Revenue Proposal Chapter 17 - Contingent Projects • Augex Overview Paper Chapter 6 - Contingent Projects.

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
	(e)	a demonstration that the proposed contingent capex for each proposed contingent project: (i) is not included (either in part or in whole) in Transgrid's proposed total forecast capex for the forthcoming regulatory control period; (ii) reasonably reflects the *capex* criteria, taking into account the *capex* factors, in the context of the *proposed contingent project*; and (iii) exceeds either $30 million ($nominal) or 5 per cent of *Transgrid's* proposed maximum allowed revenue for the first year of the *forthcoming regulatory control period*, whichever is the larger amount.	See above.
	(f)	the proposed *trigger* events relating to the *proposed contingent project*.	See above.
12.2		For each proposed *trigger event relating* to the *proposed contingent project* referred to in paragraph 12.1(f), demonstrate:	
	(a)	the proposed *trigger event* is reasonably specific and capable of objective verification;	See above.
	(b)	the occurrence of the proposed *trigger event* makes the undertaking of the *proposed contingent project* reasonably necessary in order to achieve any of the *capex* objectives;	See above.
	(c)	the proposed *trigger event* generates increased costs or categories of costs that relate to a specific location rather than a condition or event that affects the *transmission network* as a whole;	See above.
	(d)	the proposed *trigger event* is described in such terms that the occurrence of that event or condition is all that is required for the *transmission determination* to be amended under clause 6A.8.2 of the *NER*;	See above.
	(e)	the proposed *trigger event* is a condition or event, the occurrence of which is probable during *forthcoming regulatory control period*, but the inclusion of *capex* in relation to the proposed *trigger event* under clause 6A.6.7 of the *NER* is not appropriate because:	See above.

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
		(iv) it is not sufficiently certain that the event or condition will occur during the *forthcoming regulatory control period* or if it may occur after that *regulatory control period* or not at all; or (v) the costs associated with the event or condition are not sufficiently certain.	
12.3		Provide a summary of Transgrid's proposed contingent projects for the forthcoming regulatory control period including the proposed contingent capex and trigger events for each proposed contingent project in the Workbook 1 – Forecast, regulatory template 7.2.	See our Reset RIN return Workbook 1 – Forecast, regulatory template 7.2 – Contingent projects.
13.	**Indicative impact on annual electricity bills**		
13.1		For the purposes of calculating the impact of *Transgrid's revenue proposal* on the annual electricity bill of typical residential and business customers in New South Wales, provide the data/information required in *Workbook 7 – Indicative Bill Impact*. Provide the data source for each input used for the calculation.	See our Reset RIN return Workbook 7 – Indicative Bill Impact, regulatory template 7.6 – Indicative impact on transmission charges and electricity bills. The source of each input has been described in the template, except for the forecasted smooth revenues and energy delivered which are derived from the PTRM.
13.2		The information required in *Workbook 7 – Indicative Bill Impact* is to be provided for costs associated with *prescribed transmission services* and must not include any costs related to Distribution Use of System (DUOS) or Jurisdiction Scheme Obligation (JSO).	Transmission Use of System (TUOS) was used to calculate the bill impact. TUOS excludes DUOS and JSO costs.
14.	**Rate of return**		
14.1		For the purposes of assessing *Transgrid's* proposal, and facilitating stakeholder assessment of the 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 *Transgrid's revenue proposal*.	See our: • Revenue Proposal Chapter 10 - Rate of return, inflation, debt and equity raising costs • Nominated Averaging Period.
REGULATORY ASSET BASE AND TAX REPORTING			
15.	**Total revenue cap and maximum allowed revenue**		

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
15.1		Provide Transgrid's calculation of the:	
	(a)	estimated total revenue cap for the *forthcoming regulatory control period*; and	See our: • Revenue Proposal Chapter 19 - MAR, X factors and price path • Completed PTRM.
	(b)	maximum allowed revenue for each year of the forthcoming regulatory control period using the AER's post-tax revenue model, which is to be submitted as part of Transgrid's revenue proposal.	See our completed PTRM.
15.2		Provide details of any departure from the *AER's post-tax revenue model* for the calculations referred in paragraph 15.1 and the reasons for that departure.	No departures from AER's PTRM.
16. Regulatory asset base			
16.1		Provide Transgrid's calculation of the RAB for the relevant transmission system for each regulatory year of current regulatory control period using the AER's roll forward model, which is to be submitted as part of the revenue proposal.	See our: • Revenue Proposal Chapter 9 - RAB and depreciation • Roll-forward Model.
16.2		Provide details of any departure from the underlying methods in the *AER's roll forward model* for the calculation referred to in paragraph 16.1 and the reasons for that departure.	No departures from AER's roll-forward model.
16.3		If the value of the *RAB* 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.	No adjustments.
16.4		Provide details of any departure in the allocation of actual *capex* and *asset* disposal values across *asset* classes in the *roll forward model* from those reported in the *certified annual statements* for the relevant *regulatory years* and the reasons for that departure.	No departures.
17. Depreciation schedules			

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
17.1		Provide Transgrid's calculation of the depreciation amounts for the relevant transmission system for each regulatory year of:	
	(a)	the current regulatory control period using the AER's roll forward model, which is to be submitted as part of the revenue proposal; and	See our: • Revenue Proposal section 9.4 - Depreciation methodology • Depreciation Model • Roll-forward Model.
	(b)	the forthcoming regulatory control period using the AER's post-tax revenue model, which is to be submitted as part of the revenue proposal.	Refer to our: • Revenue Proposal section 9.4 - Depreciation methodology • Depreciation Model • Completed PTRM.
17.2		Provide details of any departure from the underlying methods in the *AER's roll forward model* and *post-tax revenue model* for the calculations referred to in paragraph 17.1 and the reasons for that departure.	No departures.
17.3		Identify any changes to standard *asset* lives for existing *asset* classes from the previous determination. Explain the reason/s for each change and provide relevant supporting information.	No changes to standard asset lives.
17.4		Identify any changes to new *asset* classes from the previous determination. Explain the reason/s for using these new *asset* classes and provide relevant supporting information on their proposed standard *asset* lives.	See our Revenue Proposal section 9.4 - Depreciation methodology.
17.5		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, explain the reason/s for the change and provide relevant supporting information. This should include a demonstration of the materiality of the change on the forecast depreciation allowance.	No removal of existing asset classes.
17.6		Describe the method used to depreciate existing asset classes as at 1 July 2023 (the start of the *forthcoming regulatory control period*) and	Not applicable as existing asset classes have been depreciated in accordance with the roll forward model.

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
		provide supporting calculations, if the approach differs from that in the *roll forward model*.	
18.	**Corporate tax allowance**		
18.1		Provide *Transgrid's* calculation of the estimated cost of corporate income tax for the *forthcoming regulatory control period* using the *AER's post-tax revenue model*, which is to be submitted as part of the *revenue proposal*.	See our: • Revenue Proposal Chapter 11 - Estimated cost of corporate income tax • Completed PTRM.
18.2		Provide details of any departure from the *AER's post-tax revenue model* for the calculations referred to in paragraph 18.1 and the reasons for that departure.	No departures from AER's PTRM.
18.3		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.	No change to standard tax asset lives.
18.4		Describe the method used to depreciate existing *asset* classes as at 1 July 2023 (the start of the *forthcoming regulatory control period*) for tax purposes and provide supporting calculations, if the approach differs from that in the *AER's roll forward model*.	See our Revenue Proposal section 11.2 - Forecast tax depreciation.
18.5		Provide Transgrid's calculation of the tax asset base for the relevant transmission system for each regulatory year of the current regulatory control period using the AER's roll forward model, which is to be submitted as part of the revenue proposal.	See our Roll-forward Model.
18.6		Provide details of each departure from the underlying methods in the *AER's roll forward model* for the calculation referred to in paragraph 18.5 and the reasons for that departure.	See our Revenue Proposal section 11.2 - Forecast tax depreciation.
18.7		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.	See above.
18.8		Please provide the following information regarding immediate expensing capital expenditure for prescribed transmission services:	

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
	(a)	In Workbook 1 – Forecast, regulatory template 8.2, table 8.2.7 and Workbook 8 – Capex Historical, regulatory template 8.2, table 8.2.7 provide the amount of Transgrid's immediate expensing capital expenditure by asset class commissioned within the relevant regulatory years. This capex should be consistent with the value of immediate expensing capital expenditure that has been or would be included, or forecast to be included, in the income tax returns lodged by Transgrid, whether Federal or NTER, for the relevant regulatory years. These reported values should reflect the values arising as a result of the ATO's decision-making process where relevant.	See our: • Reset RIN return Workbook 1 – Forecast, regulatory template 8.2, table 8.2.7 – Immediate expensing of capex • Workbook 8 – Capex Historical, regulatory template 8.2, table 8.2.7 – Immediate expensing of capex • RIN Basis of Preparation document.
	(b)	Transgrid is to list in Workbook 1 – Forecast determination, regulatory template 8.2, table 8.2.7 and Workbook 8 – Capex Historical, regulatory template 8.2, table 8.2.7 each asset class specified in its current determination as listed in the AER's final decision in its post-tax revenue model and enter the immediate expensing capital expenditure information against each asset class. Further to this, where there is no actual immediate expensing capital expenditure for a specific asset class for the relevant regulatory year, input the value "0".	See above.
	(c)	List and explain the types of capex (such as refurbishment capex and capitalised overheads) associated with the immediate expensing capital expenditure as reported in Workbook 1 – Forecast, regulatory template 8.2 and Workbook 8 – Capex Historical, regulatory template 8.2, if any.	Projects that are classified as capex for accounting and regulatory purposes are generally also classified as capex for tax purposes. Occasionally, capex projects which are in the nature of repairs and maintenance (such as project works which involve the remedying or making good of defects in, or damage to, or deterioration of, transmission assets) are immediately expensed for tax purposes. Transgrid's response also includes project works which are eligible pursuant to the Temporary Full Expensing of Depreciating Assets (TFE) provisions. The TFE provisions are a short-term fiscal stimulus measure introduced by the Federal Government to support business and encourage new investment during the COVID-19

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
			pandemic. These measures are only relevant to the 2020-21 to 2022-23 financial years.
	(d)	Explain the approach Transgrid used to forecast its immediate expensing capital expenditure for the period 2023-24 to 2027-28 regulatory control period as provided in the proposed post-tax revenue model.	Transgrid reviewed its forecast capital expenditure to identify projects which are in the nature of repairs and maintenance, and identified nil eligible works for the period 2023-24 to 2027-28.
	(e)	State if Transgrid intends to change its tax policy on immediate expensing capital expenditure from its current policy.	Transgrid's tax policy is based on prevailing tax law, case law and ATO publications. Based on the information known at the date of this response, Transgrid does not have an intention to change its existing policy. Transgrid is not able to comment on whether there will be a future change in tax law, interpretation or guidelines, which may impact Transgrid's tax policy.
18.9		The PTRM applies the diminishing value (DV) method for tax depreciation purposes to all new depreciable *assets* except for certain *assets*. Where *Transgrid* 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:	
	(a)	Buildings: Capex for buildings may be depreciated using the SL method if it satisfies the definition of a capital work under section 43.20 of the Income Tax Assessment Act 1997 (ITAA).	Buildings are depreciated using the straight line (SL) method.
	(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.	In-house software is depreciated using the straight line (SL) method.
MISCELLANEOUS REPORTING			
19. Related party transactions			
19.1		Identify and describe all other entities which:	
	(a)	are a related party to Transgrid and contribute to the provision of transmission services; or	Not applicable.

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
	(b)	have the capacity to determine the outcome of decisions about *Transgrid's* financial and operating policies.	See above.
19.2		Provide a diagram of the organisational structure depicting the relationships between all the entities identified in the response to paragraph 19.1.	See above.
19.3		Identify:	See above.
	(a)	all arrangements or *contracts* between *Transgrid* and any of the other entities identified in the response to paragraph 19.1 in place during the 2023-24 to 2027-28 which relate directly or indirectly to the provision of *transmission services*; and	
	(b)	the service or services that are the subject of each arrangement or *contract*.	
19.4		For each service identified in the response to paragraph 19.3(b):	See above.
	(a)	provide: (i) a description of the process used to procure the service; and (ii) supporting documentation including, but not limited to, requests for tender, tender submissions, internal committee papers evaluating the tenders, *contracts* between *Transgrid* and the relevant provider;	
	(b)	explain: (i) why that service is the subject of an arrangement or *contract* (i.e. why it is outsourced) instead of being undertaken by *Transgrid* itself; (ii) whether the services procured were provided under a standalone *contract* or provided as part of a broader operational agreement (or similar); (iii) whether the services were procured on a genuinely competitive basis and if not, why; and	

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
		(iv) whether the service (or any component thereof) was further outsourced to another provider.	
20.	**Other information**		
20.1		Provide a statement of whether or not *Transgrid's revenue proposal* is consistent with the most recent *Integrated System Plan* and, if it is inconsistent, identify and give reasons for any inconsistency.	Transgrid's Revenue Proposal is consistent with the most recent Integrated System Plan. See our Revenue Proposal section 8.2 - ISP.
21.	**Corporate structure**		
21.1		Provide charts that set out:	
	(a)	the group corporate structure of which *Transgrid* is a part; and	See our 2023-28 RIN Schedule 1 Supporting Document section 3 – RIN clause 21 Corporate Structure.
	(b)	the organisational structure of Transgrid.	See above.
22.	**Map of transmission system**		
22.1		Provide a map of *Transgrid's transmission system* at the time of submitting information in response to this *notice*. This map, together with any appropriate accompanying notes, should identify and describe the locations and *voltages* of existing *transmission lines* and other major *network assets*.	See our 2023-28 RIN Schedule 1 Supporting Document section 4 – RIN clause 22 Map of transmission system.
22.2		Provide a separate document identifying the locations and different ratings of *transmission lines* and other major *network assets*.	See above.
23.	**Transitional issues**		
23.1		Provide information on existing potential transitional issues (expressly identified in the *NER* or otherwise) which *Transgrid* expects will have a *material* impact on it and should be considered by the *AER* in making its *transmission determination.* For each issue, set out the following information:	There are no transitional issues.
	(a)	the transitional issue;	
	(b)	what has caused the transitional issue;	

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
	(c)	how the transitional issue impacts on Transgrid; and	
	(d)	how *Transgrid* considers the transitional issue could be addressed.	
ASSURANCE REQUIREMENTS			
24. Audit opinion reports and review conclusion statements			
24.1		Provide the *audit opinion report* and *review conclusion statements* as applicable, prepared in accordance with the requirements set out in Appendix C.	See PwC 2023-28 RIN Audit and Review Report.
24.2		Provide all reports from the *auditor* to *Transgrid's* management regarding the *review conclusion statements* and/or *auditors'* opinions report or assessment.	See above.
25. Statutory declaration			
25.1		The *notice* requires a company officer of *Transgrid* to attest to the quality of the information provided in response to the *notice*, in accordance with the statutory declaration set out at Appendix B.	See our Revenue Proposal Statutory Declaration.
25.2		When attesting to the quality of the *forecast information* provided the officer of *Transgrid* should take into account relevant factors including (but not limited to) whether *forecast information* provided in response to this *notice*:	See above.
	(a)	meets the requirements of the *NEL* and the *NER* that should be taken into account when preparing the information for the *notice* and *revenue proposal;*	
	(b)	meets the requirements of this *notice;*	
	(c)	reflects the outcomes of the consumer consultation undertaken to prepare the *revenue proposal;*	
	(d)	is consistent with the information provided in the *revenue proposal* of *Transgrid*, including the models for asset roll forward, operating expenditure, capital expenditure and revenue forecasts;	

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
	(e)	is based on assumptions, which are identified in response to paragraph 1.6(b) of Schedule 1 to this *notice,* and are justified and supported by evidence;	
	(f)	is consistent with applicable *AER* Guidelines, or where it varies from those guidelines, is consistent with the variation as set out in the *revenue proposal;* and	
	(g)	is consistent, to the extent possible, with historical information previously provided to the *AER*.	
25.3		When attesting to the quality of the historical information provided the officer of *Transgrid* should take into account relevant factors including (but not limited to) whether estimated historical information provided in response to this *notice*:	See above.
	(a)	meets the requirements of this *notice;*	
	(b)	is based on assumptions, which are identified in response to paragraph 1.6(b) of Schedule 1 to this *notice,* and are justified and supported by evidence;	
	(c)	is consistent with applicable *AER* Guidelines, or where it varies from those guidelines, is consistent with the variation as set out in the *revenue proposal;* and	
	(d)	is consistent, to the extent possible, with historical information previously provided to the *AER*.	
OTHER INFORMATION			
26. Confidential information			
26.1		This clause applies to any information Transgrid provides:	We have claimed confidentiality consistent with paragraph 26.1 and AER's Confidentiality Guideline. See our Confidentiality Claims document.
	(a)	in response to Schedule 1;	
	(b)	in a *revenue proposal* and proposed pricing methodology for the *forthcoming regulatory control period* (a Proposal);	
	(c)	in a revision or amendment to a Proposal; and	

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
	(d)	in a submission *Transgrid* makes regarding a Proposal or a revised or amended Proposal; (together, *Transgrid's* Information).	
26.2		If *Transgrid* wishes to make a claim for confidentiality over any of *Transgrid's* Information, provide the details of that claim in accordance with the requirements of the *AER's Confidentiality guideline*, as if it extended and applied to that claim for confidentiality.	See above.
26.3		Provide any details of a claim for confidentiality in response to paragraph 26.2 at the same time as making the claim for confidentiality.	See above.
27. Compliance with section 71YA of the NEL			
27.1		Where any expenditure or cost has been incurred or is forecast to be incurred by *Transgrid,* as a result of or incidental to a review under Division 3A – *Merits review and other non-judicial review* – of the *NEL*, *Transgrid* must identify the expenditure or cost and provide a statement attesting that:	No expenditure or cost has been incurred or is forecast to be incurred as a result of or incidental to a review under Division 3A – *Merits review and other non-judicial review* – of the *NEL*.
	(a)	*Transgrid* has not included any of that expenditure or cost, or any part of that expenditure or cost, in the capital or operating expenditures contained in its *revenue proposal*; and	
	(b)	*Transgrid* has not recovered any of that expenditure or cost, or any part of that expenditure or cost, from end users; and	
	(c)	*Transgrid* has not sought to pass through any of that expenditure or cost, or any part of that expenditure or cost, to end users.	
27.2		Where no expenditure or cost has been incurred or is forecast to be incurred by *Transgrid*, as a result of or incidental to a review under Division 3A – *Merits review and other non-judicial review – of the NEL*, *Transgrid* must provide a statement attesting that:	See our Statement of Compliance with NEL Clause 71YA.
	(a)	No such expenditure or cost has been incurred or is forecast to be incurred.	
28. Resubmission of information			
28.1		If Transgrid is required to resubmit information provided under this notice, Transgrid must provide:	Not applicable as Transgrid is not resubmitting information.

RIN Clause		Provision	Revenue Proposal cross-reference and other relevant documents
	(a)	the relevant Microsoft Excel Workbook(s), fully populated, with the revised information marked as amended using the macro function within the Microsoft Excel Workbook(s);	
	(b)	the reason for the resubmission; and	
	(c)	a statement as to whether or not the resubmitted information results in a *material* change in *Transgrid's* response to the *notice*.	
28.2		If *Transgrid* resubmits information which results in a *material* change to its response to this *notice*, the *AER* may request that *Transgrid* provide assurance over this information by:	See above.
	(a)	verifying the resubmitted information by way of a statutory declaration in accordance with Appendix B of this *notice*; and	
	(b)	providing the necessary *audit opinion report* and the *review conclusion statements* as applicable for the resubmitted information, prepared in accordance with the requirements set out in Appendix C of this *notice*.	
28.3		If the *AER* requests assurance over the resubmitted information in accordance with paragraph 28.2, such assurance information must be provided on a date agreed to by the *AER.*	See above.