Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By:	Coalition	Proposal No:	C053
Date Referred:	12/03/2015	Date Published:	23/03/2015

Proposal Title: **REBUILDING NSW**

Cluster:

Notes and costing assumptions

This policy has no impact on the forward estimates - see attached briefing paper

NSW PARLIAMENTARY BUDGET OFFICE (PBO) COSTING OF REBUILDING NSW

BRIEFING NOTE

1. Background

The NSW Premier has submitted an election policy request to the PBO in relation to the *Rebuilding NSW State Infrastructure Strategy 2014*, the December 2014 *Rebuilding NSW Update* on electricity networks, and the February 2015 *Update* to the Strategy.

Under the *Parliamentary Budget Officer Act 2010* (the Act), a parliamentary leader is to have costed policies "that are likely to impact on the current and relevant forward budget estimates" (s.18 (1A)); policies with no impact on the forward estimates are outside the remit of the PBO. This is especially relevant to proposals for asset sales, asset leases and similar commercial transactions, and to the Rebuilding NSW policies subject to what are termed "reservations" in the 2014-15 NSW Budget and in the December 2014 *Statement of Uncommitted Funds* issued by NSW Treasury.

This note details why these proposals do not have an impact on the relevant forward estimates at this stage. In the interests of transparency and public information it also provides commentary on the infrastructure reservations contained in the costing request.

2. Accounting and reporting framework for the NSW Budget and forward estimates

2.1 Asset sales and long term leases – general discussion

In preparing election costings the Parliamentary Budget Office aims to apply the same accounting standards and reporting conventions as used by the NSW Treasury in the preparation of the forward estimates and the NSW Budget Papers. This is to ensure accuracy, consistency, and comparability of reported results. The recognition and measurement principles within Australia Accounting Standards are applied to the greatest extent possible.

The budget and forward estimates are prepared to reflect existing operations and the impact of new policy decisions taken by the New South Wales Government where their financial effect can be reliably measured. In keeping with these principles, where the impact of a policy decision or planned event cannot be reliably estimated it is not reflected in the estimates. The budget and forward estimates also do not include the impact of business asset transactions until they are finalised.

Business asset transactions include, among other things, sales of government owned businesses or other business operations, purchase or repurchase after sale of such businesses, and long term leases of infrastructure.

The procedure adopted by NSW Treasury provides that the Estimated Financial Statements in the Budget "*do not include the impact of business asset transactions until they are* *finalised."* [1] This convention has been consistently applied to all major transactions by both the current and the former government. It is adopted both because the impact of the transactions cannot be determined precisely and because of the commercial-in-confidence nature of the transactions. There are also sound public policy reasons for not providing estimates of the expected price given that this could compromise the NSW government's negotiating position in relation to any asset transaction (whether sale, lease, or purchase).

The convention adopted in NSW is also the practice in other comparable jurisdictions – see for example references in budget papers from Queensland and Western Australia.[2]

There are potentially some types of asset sales for which the PBO would be able to provide an indicative estimate of the likely impact on the forward estimates. As hypothetical instances these could include for example:

- Sale of physical assets in agencies with a regular and predictable cycle of disposals of assets of a similar types, especially where there is reliable current pricing information or a historical time series of sales data from which estimates could be derived
- A proposed sale of a small parcel of shares in an entity with shares traded on the open market, and where further sale of shares would be unlikely to affect the control of the entity or have a material impact on its profitability or operations (that is, the sale would not of itself have a major impact on the share price).

More typically asset sales – and in particular, one-off sales or long term leases of large financial assets, such as a government trading enterprise – are subject to a wide range of factors that affect the timing and amount of future cash flows including: the scope of operations affected; any caveats or restrictions that may apply; whether there are any associated changes in the regulatory framework; when the sale or lease process is completed; and market conditions at the time. All of these can affect the price achieved and the consequent impact on the forward estimates.

2.2 Application of these principles to the NSW electricity leases proposal

The proposed policy for a long term lease of NSW electricity distribution businesses falls in to the category of a business transaction to which the NSW Treasury budget reporting convention applies. As such, the reporting convention is that the Government's policy proposals will therefore not affect the NSW Government financial statements until such time as the contracts for the potential leases are finalised.

In any conceivable scenario for the lease of the transmission and distribution assets, whether the transactions are completed, and if so, the proportion of each network to be leased and the price achieved will depend on a large number of factors including:

[1] See NSW Government Budget Papers 2014-15: Budget Paper No. 2, Appendix A: Statement of Significant Accounting Policies and Forecast Assumptions at A -2.
[2] Western Australia 2014-15 Budget Paper No.3 pg. 2 & Queensland 2014-15 Budget Paper No.2 pg.21

- how the process is designed; for example, whether the Government retains flexibility on the proportion of each network to be leased depending on bids received and estimated retention values, whether the process is to proceed by blind tender, negotiation, competitive auction, or some other process yet to be determined;
- conditions of lease, including such things as the employment conditions and protections for staff; and
- the state of the relevant markets at the time, including conditions in global financial markets, the pricing arrangements to be determined by the Australian Energy Regulator (AER) and other rules and regulations set under the National Electricity Law (NEL) and associated instruments
- bidders for the leases providing satisfactory assurances that other conditions required for a sale set out in the Government's policy will not be met.

The proposed long term lease of a proportion of the State's electricity businesses is thus a transaction that would not, at this stage, be recorded in the forward estimates. It would affect the budget or forward estimates only upon finalisation of the contract. The proposal therefore falls outside the scope of s.18 of the *Parliamentary Budget Officer Act 2010*.

2.3 Reservations for Restart NSW projects

Restart NSW was set up by the Government for the purpose of setting aside funding for and securing the delivery of major infrastructure projects and other necessary infrastructure: see the *Restart NSW Fund Act 2011*.

The main sources of funding for Restart NSW to date have been from asset sales and from monies certified by the Treasurer as windfall tax revenue in excess of Budget forecasts.

The *Half Yearly Review 2014-15* (18 December 2014 at p.22) and the *Statement of Uncommitted Funds* of 18 December 2014 (Appendix 1) indicated that Restart NSW is expected to have a balance of $8.8 billion of funds at 30 June 2015, of which $3.9 billion has been committed and included in the Budget, with a further $4.9 billion of reservations not included in the Budget.

The reservations do not affect the forward estimates until the project concerned has been through the necessary processes for approval. The reason for this is outlined in the December 2014 *Half-Yearly Review* as follows:

> "...government also reserves funds for projects as a place-marker for future commitments, pending further work including business cases. These reservations do not have an impact on the Budget aggregates because a final decision is required by the Government prior to commitment."

The PBO notes that the requisite prior steps include not only business case approval but also project development, planning and completion of project assurances.

3. Leases of the electricity businesses – additional background

The Government proposes to lease up to 49 per cent of the total network sector while leaving Essential Energy in public hands. It appointed UBS and Deutsche Bank to oversee a scoping study to determine the best structure for the potential transaction.[3]

The PBO has discussed the scoping study with the NSW Treasury. Treasury has not provided a copy to the PBO, on commercial-in-confidence grounds. The estimates of likely proceeds are based on the detailed analysis in the scoping study. The PBO has not sought to conduct a separate valuation study, or a parallel exercise to the scoping study, noting that an independent due diligence exercise would take considerable resources and several months, and would be impractical in the timeframes for preparation of costings prior to the election.

The Government has stated that the earliest the process could be fully completed is in 2016. A transaction would *"only proceed provided the price exceeds retention value"* under the Government's proposed policy.[4] This is an important proviso; achievement of the objective will be subject to external scrutiny and would be open to audit in the future by the NSW Auditor-General. This means there will a discipline on the NSW Government to provide evidence that the sale has achieved a net benefit.

The PBO understands, from briefings provided by NSW Treasury that the leasing process will be structured with the objective of maximising value to the NSW taxpayer while adhering to the conditions set by Government (see costing request; such conditions include no adverse impact on electricity reliability and maintenance of regional presence).

4. Potential budgetary impacts of a proposed partial lease of NSW electricity networks – general discussion

Outlined below is a broad discussion of some of the factors relevant to determining the potential impacts on the forward estimates from the policy to lease parts of the NSW government owned electricity transmission and distribution businesses. This is a brief overview aimed at providing factual information to assist in public discussion and debate.

Ausgrid, Endeavour Energy and Transgrid are equity investments by the NSW Government in public sector entities. They are excluded from the calculation of the General Government Sector net financial liabilities.[5] If these networks are leased, General Government Net Financial Liabilities will decrease by the amount of the asset sale price achieved[6]: that is, the General Government sector financial position will improve.

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[3] Mike Baird Media Release – Keeping the lid on Household Costs 10 July 2014 at https://www.nsw.gov.au/media-releases-premier/keeping-lid-household-costs.
Andrew Constance Media release 'Financial Advisers Appointed for Electricity Network Scoping Study, 14 July at http://www.treasury.nsw.gov.au/__data/assets/pdf_file/0010/124489/14-07-14_Financial_advisors_appointed_for_electricity_network_scoping_study.pdf

[4] Baird, ibid.

[5] See NSW Government Budget Paper Number 2 2014-15 at 10 – 11, Table 10.2.

[6] On the basis that proceeds are to be deposited in the Restart NSW Fund which forms part of the General Government sector.

The impact on the Total State Sector Net Financial Liabilities is more complicated, and depends on a number of factors including whether debt held by the leased businesses is excluded from the calculation of State liabilities. The residual interest retained in the distribution businesses may also be reclassified as a financial investment which would have an impact on the calculation of both General Government and Total State Sector Net Financial Liabilities.

As a result of the lease, NSW will have a capacity to fund other investments, and/or realise savings in interest paid by Government on net borrowing, depending on how the proceeds are deployed. Offsetting this, after the lease, the government will receive less of the total distributions – that is, the dividends and tax equivalence payments - paid by these companies. A discussion of both of these effects is provided later in this paper.

4.1 Asset Recycling

A further consideration in the debate is that under the Commonwealth Government's Asset Recycling Initiative the partial lease of the electricity networks is likely, depending on how the proceeds are spent, to qualify NSW for additional Commonwealth funding. The Commonwealth has undertaken to provide States and Territories with incentive payments of 15 per cent of the sale price of privatised assets (for which the lease of the electricity businesses would qualify), with the returns to be reinvested into new priority infrastructure projects. The Commonwealth funding programme is capped at $5 billion.[7]

The amount to be transferred to NSW as a result of the Asset Recycling Initiative is likely to be in the order of $2 billion provided the conditions set are met. These include among other things whether the $13bn lease price is achieved, whether the proposed reinvestments would qualify under the Asset Recycling Initiative eligibility criteria[8] and guidelines, and the asset sales programs of other states and territories given the funding is to be made available on a "first-come, first-served" basis.

The likelihood of the funding being available has increased in recent months due to a) assurances from the Commonwealth Treasurer that $2 billion in Asset Recycling incentive payments will be available[9] [10] and b) the outcome of the Queensland election, which means Queensland will not be ahead of NSW in the 'queue' for limited amounts of Asset Recycling funding.

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[7] See: Australian Government Department of Infrastructure and Regional Development Asset Recycling Initiative at: http://investment.infrastructure.gov.au/publications/reports/pdf/factsheets2014/Factsheet_The_Asset_Recycling_Initiative.pdf .

[8] The 2014-15 Commonwealth Budget, Overview, indicates that for projects to be eligible for funding under the Asset Recycling Initiative, states and territories must bring forward infrastructure projects that:

1. demonstrate a clear net positive benefit;
2. enhance the long-term productive capacity of the economy;
3. where possible, provide for enhanced private sector involvement in both the funding and financing of infrastructure.

[9] See media release of 8 March at http://www.joehockey.com/media/media-releases/details.aspx?r=456

[10] For further confirmation of these details see also partnership agreement at http://www.federalfinancialrelations.gov.au/content/npa/infrastructure/asset_recycling/NSW.pdf

4.2 New infrastructure investments

The Rebuilding NSW policy proposes to invest proceeds from the lease of the electricity networks in new infrastructure. It estimates $20 billion will be available over the medium term, on the assumption of achieving a price of $13bn from the lease of the transmission and distribution businesses, a $2bn contribution from the Commonwealth from its Asset Recycling Initiative, and a further $5bn of returns from investing this after the transaction[11], noting that the funds invested will be progressively drawn down over time to fund the Rebuilding NSW initiatives.

The PBO has not costed the starting assumption of the likely price from the leasing transactions. This is because it is based on the scoping study which Treasury has not provided to the PBO, as noted previously, for commercial in confidence reasons. The other elements of the total are consequences of the initial starting point assumption.

The estimate of the $5 bn return from investing the sale proceeds will depend on, among other things:

- how quickly funds are drawn down to invest in the Rebuilding NSW initiatives (the key variable in determining the $5 bn estimate);
- how the $15 bn is invested and the risk/rate of return trade-off;
- interest rates over the relevant time frame.

The PBO understands from discussions with NSW Treasury the NSW government bond rate has been used as the rate of return assumption in calculating the $5bn estimate, which is a reasonable and conservative assumption. In addition, it is reasonable to expect sales proceeds are likely to be realised well before the bulk of the infrastructure spend can be rolled out, the funds will be invested by the NSW Treasury Corporation, and any interest earned will itself attract further interest (compounding).

Box 1 – Uncertainties in infrastructure cost estimates

Any long term infrastructure plan is subject to uncertainty, and the estimates are less reliable the further into the future the plan extends. The PBO notes that it is rare that the final spend figure for any large construction project post completion is exactly the same as the estimate prior to the start of the project. Any project can be subject to delays and cost pressures due to numerous factors including but not limited to: exchange rate variations, labour costs, competition for resources from the private sector or other public sector jurisdictions, changes in regulation, changes in costs of raw materials, unexpected physical barriers to construction and so on. There can be positive changes: technological change that makes a project easier, access to better materials, favourable exchange rate movements, and competing construction firms offering better than expected prices.

[11] These returns could come from interest savings, from buying back government bonds or making other investments.

The NSW government has provisionally distributed the expected infrastructure spending across a range of projects as outlined in Attachment A.

More than 75 per cent of the amount is for urban and rural transport projects of various types including $7 billion in Sydney rapid transit and $2 billion on a regional road freight corridor. The PBO notes these projects are projected to be developed over a ten year time period; the actual timing remains subject to more detailed planning and business cases. One of the largest single components is the proposal to extend North West Rail Link services under Sydney Harbour, which will be a complex and challenging engineering project.

The projects – particularly the large transport projects - will obviously extend well beyond the forward estimates timeframe, and completion within the ten years proposed will require well-coordinated planning.

The risks to the timetable and estimates are considerable and include a number of factors outside the control of the NSW government including environment, technology change and exchange rate variations. The reservations should therefore in the view of the PBO be considered indicative rather than a definitive statement of likely final costs, especially in relation to the elements expected to be rolled out over the full ten years.

The PBO understands that for most of the items identified in Attachment A the Government's intention is to fix the financial contribution to a project or program. Thus, for most of the categories identified the number and scope of projects funded will be capped by the contribution available.

For the specific projects identified (for example, Sydney Rapid Transit, WestConnex and Sydney' Rail Future) the funding from the Rebuilding NSW Plan will contribute to the delivery of the project but will not necessarily underwrite the full costs. The balance of the funding may, for example, come from within existing cluster allocations or from private partners.

4.3 Impact on dividends and tax equivalence payments

The estimates for dividend and tax equivalence payments in the forward estimates period to 2017-18 for the four Government owned electricity businesses, Endeavour, Transgrid, Ausgrid and Essential were contained in the *Half Yearly Review* released on 18 December 2014.[12] Whilst the payments are not broken down by company, Essential made up 15 per

[12] The table does not include loan guarantee fee repayments made by these companies to Treasury Corp (T Corp). At present, T Corp borrows money on behalf of these companies at below normal commercial interest rates because T Corp is ultimately backed by the NSW Government. The loan guarantee fee paid by the companies to T Corp attempts to add back the difference between government and private sector lending rates, so that these companies effectively pay normal market interest rates on their net lending. It is included within the net interest expense line within the companies' accounts.

cent of the total distribution to Government in 2013-14. Essential is not proposed for lease under the announced NSW government policies, so will continue to provide a stream of dividend payments and tax equivalence payments regardless of the outcomes of that process.

Box 2 – Updated dividend estimates, December 2014

Weighted Average Cost of Capital included in the Half-Yearly Review

	2014-15	2015-16	2016-17	2017-18
		Forward Estimates		
	$m	$m	$m	$m
2014-15 Budget - electricity network dividends and tax equivalent payments	1,172	945	936	766
Impact of WACC on dividends and tax equivalent payments	...	-209	-294	-359
2014-15 Half-Yearly Review	**1,172**	736	642	407

The full impact will be reflected in the Budget aggregates when final determinations are made.

Source: Half Yearly Review, NSW Government, p.18

The decline in dividend estimates over the period shown in the *Half Yearly Review* continued the longer term trend previously documented in the NSW 2014-15 Budget (Budget Paper 2, chapter 9, p.9-7). The key factor causing the decline in the dividend trajectory between the Budget and Half Yearly Review is a reduction in the weighted average cost of capital (WACC) proposed by the Australian Energy Regulator (AER) for the next regulatory period.[13] The Australian Energy Regulator (AER) plays a key role under arrangements agreed nationally (including by NSW) for the national energy market. As noted by the Australian Energy Market Commission (AEMC):

> National Electricity Rules govern the operation of the National Electricity Market. The Rules have the force of law, and are made under the National Electricity Law.

(www.aemc.gov.au/energy-rules)

Under Chapter 6 of the Rules the distribution businesses (including those in NSW) are subject to economic regulation by the AER. The AER determines revenues based on, among

The loan fee payments are made for competitive neutrality reasons so that these companies cannot effectively source debt more cheaply than their private sector competitors because of an implicit government guarantee on their net lending.

[13] The WACC sets the rate of return the electricity businesses can earn on their regulated asset base. A lower WACC results in lower revenues for the businesses.It should be noted the dividend estimates are based on a 70 per cent payout ratio for Networks NSW and a 100 per cent payout ratio for Transgrid, and also include additional ordinary dividends over 2014-15 to 2016-17 to fund energy rebates.

other things, benchmarking of costs and other related factors amongst Australian participants in the National Energy Market (NEM)[14].

The further drop in the estimates between the June *Budget* and the *Half Yearly Review* was due to draft revenue determinations issued by the AER in November 2014. As outlined in the *Half Yearly Review*:

> The AER recently released draft revenue determinations for NSW electricity network businesses proposing to cut regulatory return (WACC), operating and capital expenditure allowances for the next regulatory period. Lower expenditure allowances are based on the AER's benchmarking analysis that concluded the NSW network businesses were significantly less efficient than their private sector counterparts in Victoria and South Australia. The draft determinations, if implemented, would result in an estimated decrease to the average residential electricity bill of between $183 to $370 in 2015-16. The returns to the Government would also be lower.
>
> The AER is expected to release final revenue determinations for the network businesses in April 2015 after consultation with stakeholders, and new network prices will apply from 1 July 2015...If the businesses were not to respond adequately to the lower operating and capital expenditure allowances, the full impact of the draft determinations would be to effectively reduce their dividends and tax equivalent payments to close to zero.

There is the potential for a larger drop in dividend estimates if the AER final decision is substantially the same and the businesses are unable to reduce their costs in a manner that reflects the underlying assumptions of the AER decision.

Given the above dividend estimates, to support a potential $13 bn sale price for the lease of 49% of the electricity businesses, any buyer would likely be factoring in to the valuation the potential for the businesses to significantly reduce costs and/or possible changes to the AER draft decision.

The dividends for NSW network electricity businesses have shown very different patterns in recent years, in opposite directions. For the five year period up to 2012-13 dividends rose at a rapid rate, from $426m in 2008-09 (NSW 2010) to $1098m for dividends from the distribution and transmission businesses in 2012-13 (NSW 2014a). The dividend increases were due largely to increased margins arising from increases to the regulated network tariffs under the previous AER regulatory determination (NSW 2009-2014), coupled with significant cost reductions that were unanticipated at the time of the determination. The dividends then fell in 2013-14 and estimated dividends continue to fall further it the Budget and forward estimates for the reasons outlined above.

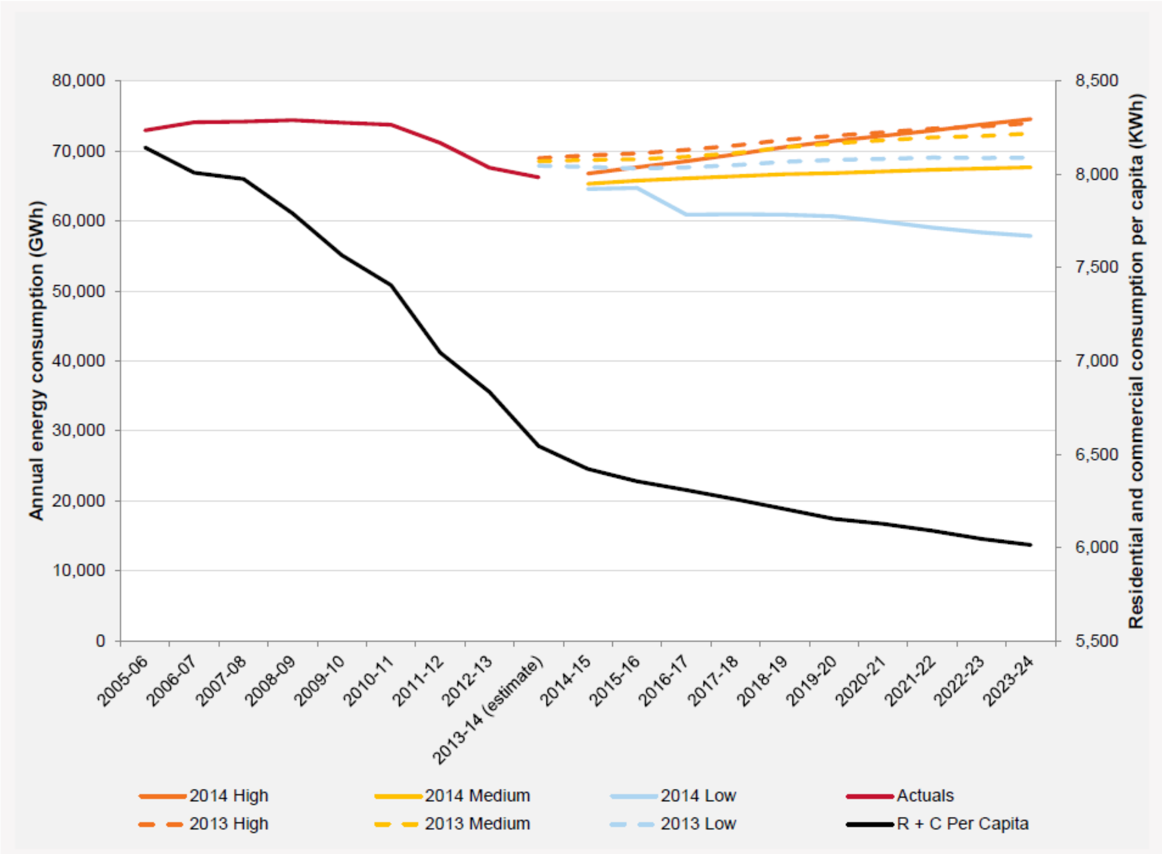
[14]This is a massive simplification of a highly complex and detailed regulatory regime. For more details see the numerous publications issued by the AER at www.aer.gov.au. Other key players in the system are the Australian Energy Market Operator (which operates the NEM) and the Australian Energy Market Commission (which develops the rules to be applied by the regulator, ensuring AER is not both rule maker and regulator).

It should also be noted annual energy consumption per capita peaked in 2011 and has since been in decline, reversing a long term historical trend of growing energy consumption per person.

The AEMO has forecast a continuing drop in demand per capita, and a range of forecasts for annual energy estimates for NSW ranging from a slight increase (high scenario), virtually no change (medium scenario) or a substantial drop (low scenario).

Box 3 - AEMO energy consumption forecasts

Figure 10 — Annual energy forecasts for New South Wales



These factors mean the past ten years is not a reliable guide to the future ten. The estimates of long term dividends are more closely related to the changes in the regulatory regime and the potential for the businesses to realise cost efficiencies, than to the parameters such as market/population growth or changes in economic activity that would be used for estimating dividends in other types of businesses in less regulated markets.

The profitability of the NSW electricity businesses is a function of its revenues – essentially, the prices that the companies can charge their customers – and its costs. Unlike businesses in less regulated markets, costs and revenues are closely interlinked through the regulatory mechanisms applied by the AER. Under the national electricity law, electricity businesses are constrained in what they can charge customers. This means they cannot raise their charges in order to increase profits, or in order to incur excessive costs.

The AER draft determinations for calculations of expected revenues for each of the businesses show a drop in revenues to 2015-16 and maintenance of that level in the following years (see Attachment B).

This leads to a conclusion that future dividends are likely to be lower, absent other changes in the environment, than those which applied on average over the previous ten years. The other key variable which needs to be taken into account is the speed at which the necessary changes to processes, practices, investment profiles, management and associated drivers of costs could be fully implemented. The faster these can be put in place the greater the likelihood of increased profitability.

References

Australian Energy Market Operator (AEMO) National Electricity Forecasting Report 2014 at www.aemc.gov.au

Australian Energy Regulator (2012) Submission to the Productivity Commission into electricity Network Regulation

Australian Energy Regulator (2014) Statement of Intent 2014-15

NSW 2010 Electricity Network and Prices Inquiry -December 2010 NSW Government Sydney

NSW 2014a Budget Papers 2014-15 NSW Government Sydney

NSW 2014b Half Yearly Review 2014-15 NSW Government Sydney

ATTACHMENT A – LIST OF PROJECT RESERVATIONS, REBUILDING NSW

Note: this list shows the reservations at a high level of aggregation. The *Rebuilding NSW* documents contain additional details, and as the policy matures there will be further specific projects within these categories. The PBO also notes that during the election campaign there have been various project announcements that fall within the different categories of reservation.

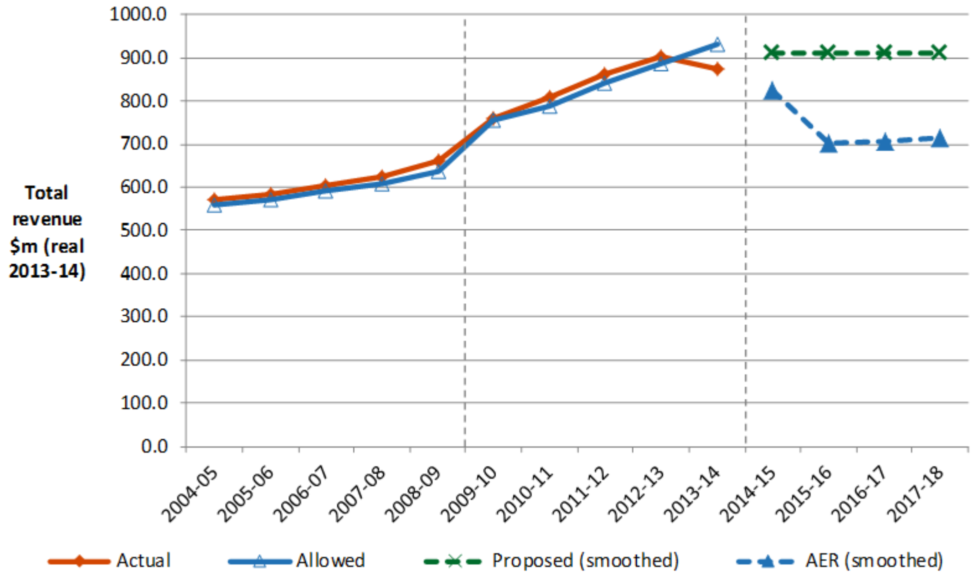
Sector	Project	RebuildingNSW Reservation	Regional NSW	Funding from
Urban public transport	Sydney Rapid Transit	$7,000m		2016-17
	Sydney's Rail Future 2 Upgrades	$1,000m		2015-16
	Parramatta Light Rail	$600m		2017-18
	Bus Rapid Transit and Bus Priority Infrastructure	$300m		2016-17
	Subtotal	$8,900m		
Urban roads	WestConnex northern and southern extensions; Western Harbour Tunnel	$1,100m		2015-16
	Pinch Points & Clearways	$400m		2015-16
	Smart Motorways	$400m		2015-16
	Gateway to the South	$300m		2015-16
	Traffic Management Upgrades	$200m		2015-16
	Subtotal	$2,400m		2015-16
Regional transport	Regional Road Freight Corridor	$2,000m	$2,000m	2015-16
	Regional Growth Roads	$1,000m	$1,000m	2015-16
	Fixing Country Roads	$500m	$500m	2015-16
	Fixing Country Rail	$400m	$400m	2018-19
	Bridges for the Bush	$200m	$200m	2015-16
	Subtotal	$4,100m		
Water security	Regional Water Security and Supply Fund	$1,000m		2017-18
	Subtotal	$1,000m	$1,000m	
Education	Future Focused Schools	$700m		2016-17
	Regional Schools Renewal program	$300m	$300m	2016-17
	Subtotal	$1,000m		

Health	Hospitals Growth Program	$600m		2018-19
	Regional Multipurpose Facilities	$300m	$300m	2015-16
	Care Co-location Program	$100m		2016-17
	Subtotal	$1,000m		
Culture & Sport	Culture and Arts	$600m		2017-18
	Sports Stadia	$600m		2017-18
	Regional Environment and Tourism Fund	$300m	$300m	2017-18
	Subtotal	$1,500m		
Other opportunities	Corridor Identification and Reservation	$100m		2016-17
TOTAL		$20,000m	$6,000m	

ATTACHMENT B – AER DRAFT DETERMINATIONS

Transgrid

Figure 1-1 TransGrid's past total revenue, proposed total revenue and AER draft decision revenue allowance ($ million, 2013–14)

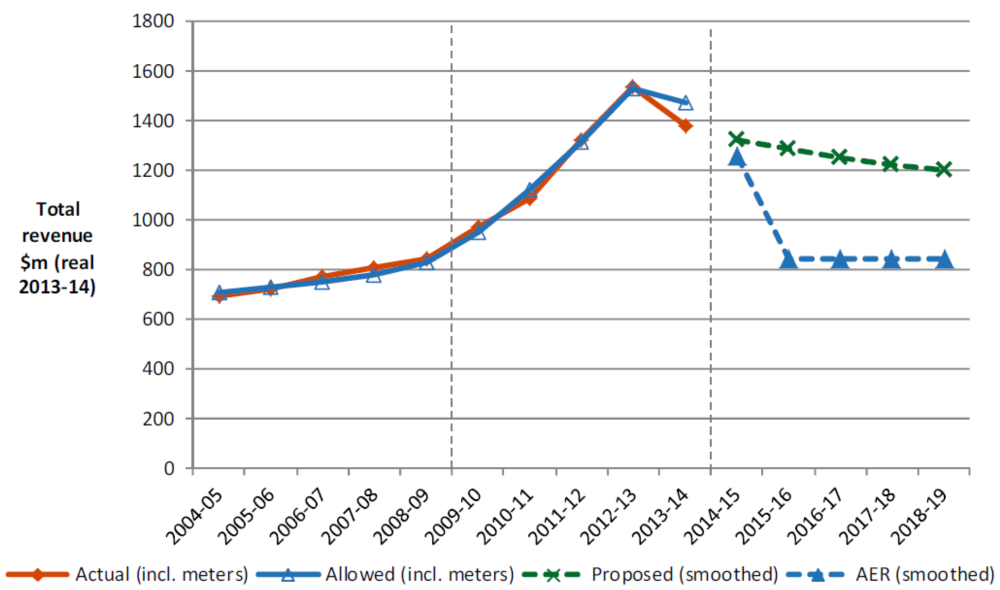


Source: AER analysis.

Extracted from AER *Draft decision TransGrid transmission determination 2015–16 to 2017–18* November 2014

Essential Energy

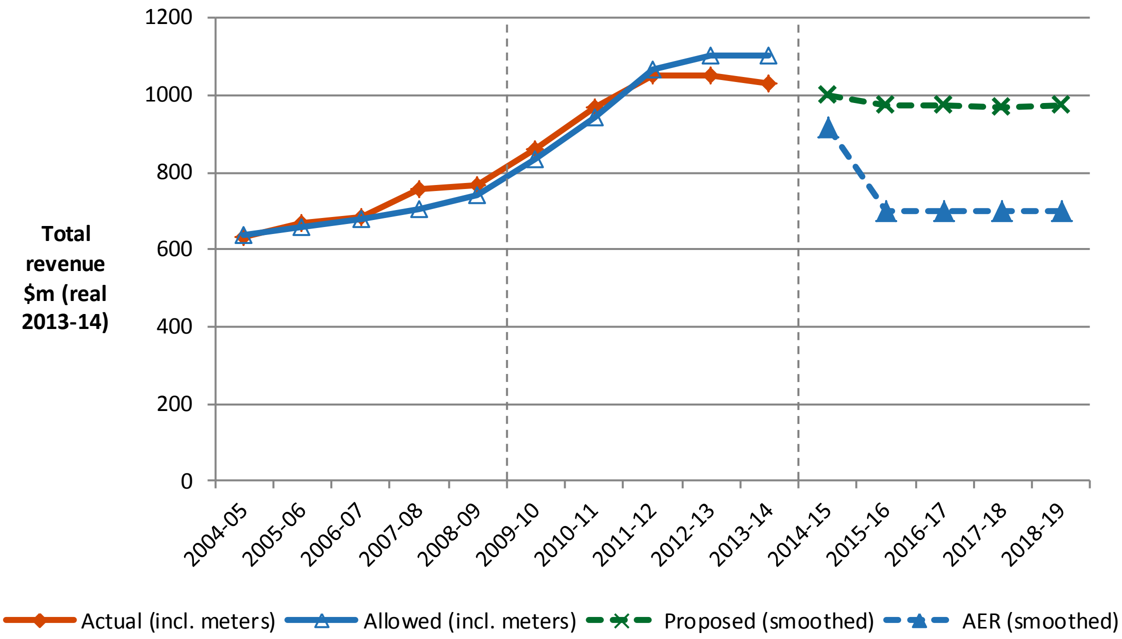
Figure 1-1 **Essential Energy's past total revenue, proposed total revenue and AER total revenue allowance ($ million, 2013–14)**



Source: AER analysis.

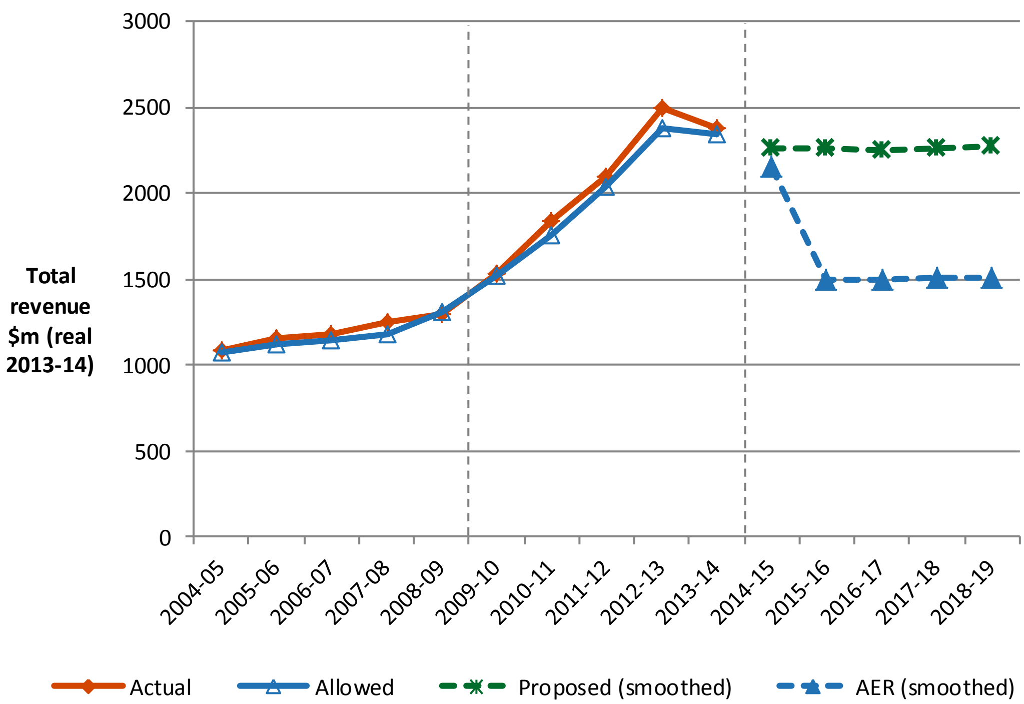
Extracted from AER *Draft decision Essential Energy distribution determination 2015–16 to 2018–19 Overview November 2014* p.10

Endeavour energy



Extracted from AER *Draft decision Endeavour Energy distribution determination 2015–16 to 2018–19 Overview November 2014* p.10

Ausgrid



Extracted from AER *Draft decision Ausgrid distribution determination 2015–16 to 2018–19 Overview November 2014* p.15