

# Customer Forum – Week 5

## Out of scope revenues



12 July 2018

# Overview

- ▶ **Topic significance & objective of presentation**
- ▶ **What revenues are in and out of scope?**
- ▶ **Overview of preliminary revenue forecast**
- ▶ **Financing costs**
- ▶ **Depreciation**
- ▶ **Incentive payments**
- ▶ **Tax**
- ▶ **Other capex**

## Topic significance and objective

### ▶ Topic significance

- › A significant proportion of forecast revenues are formally out of scope of the Customer Forum process
- › However, these revenues are important context for the Forum when it is considering the topics that are in scope.

### ▶ Objective of presentation

- › Set out preliminary forecasts of the revenue 'building blocks' for the 2021-25 period
- › Highlight which elements of revenue and expenditure are out of scope

The forecasts presented in this slide pack are **preliminary** and will be refined over the course of the process.

## What revenues are in and out of scope?

### **In scope (NewReg)**

- ▶ Operating expenditure
- ▶ Augex major projects
- ▶ Customer service / hardship

### **In scope (AusNet Services)**

- ▶ Repex major projects
- ▶ Innovation
- ▶ DER integration
- ▶ Metering

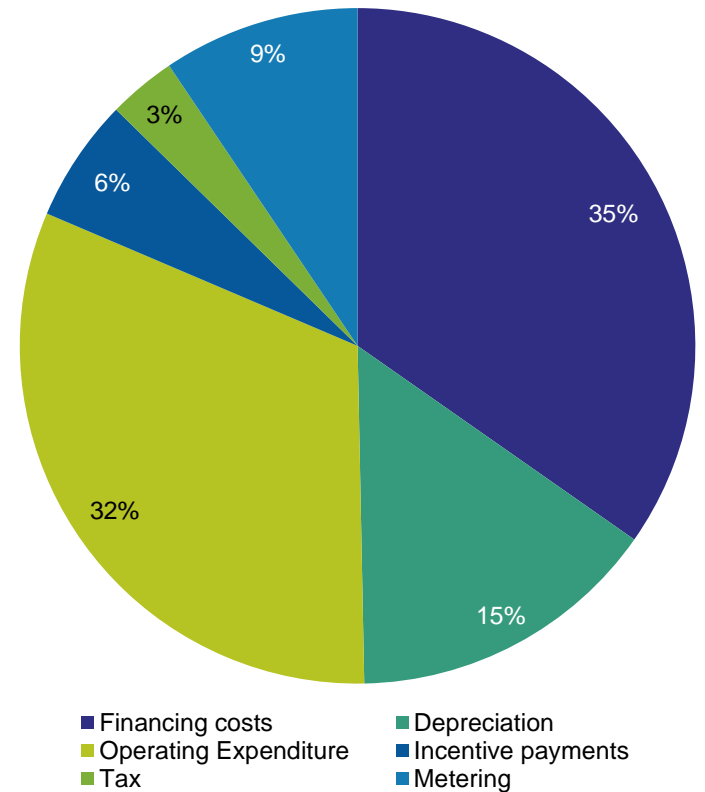
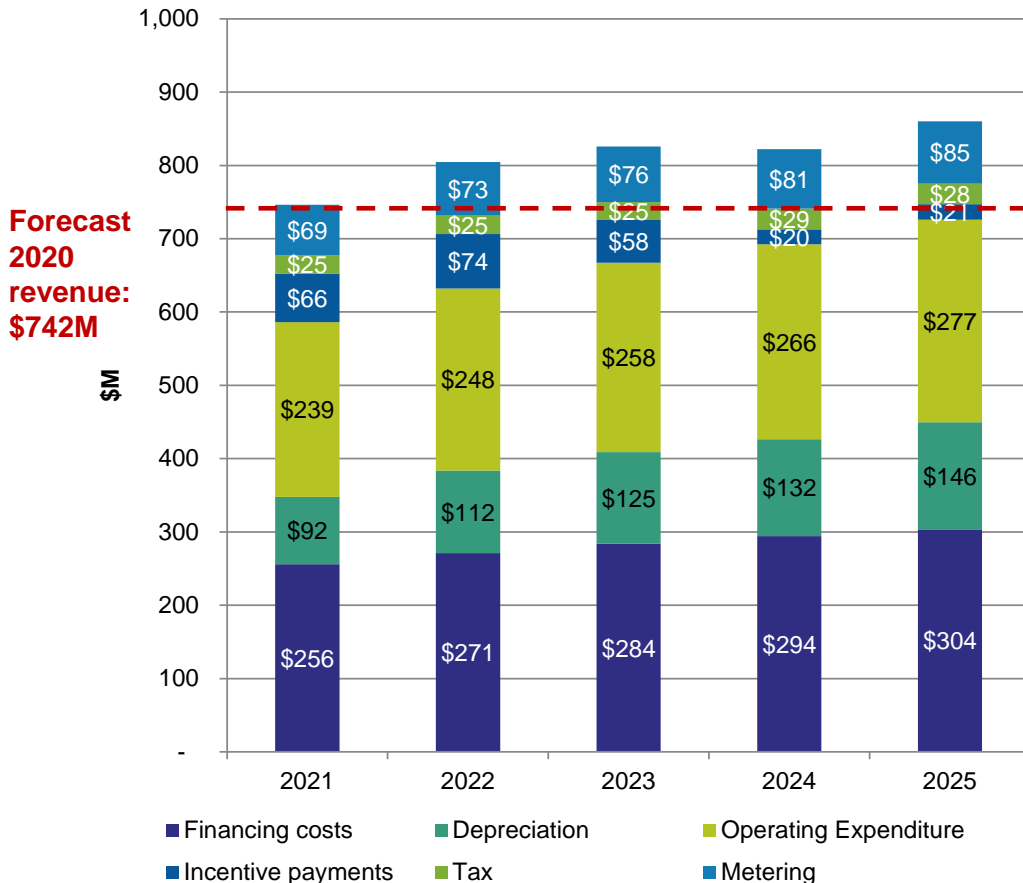
### **Out of scope**

- ▶ Financing costs
- ▶ Depreciation
- ▶ Incentive payments
- ▶ Tax
- ▶ Other capex

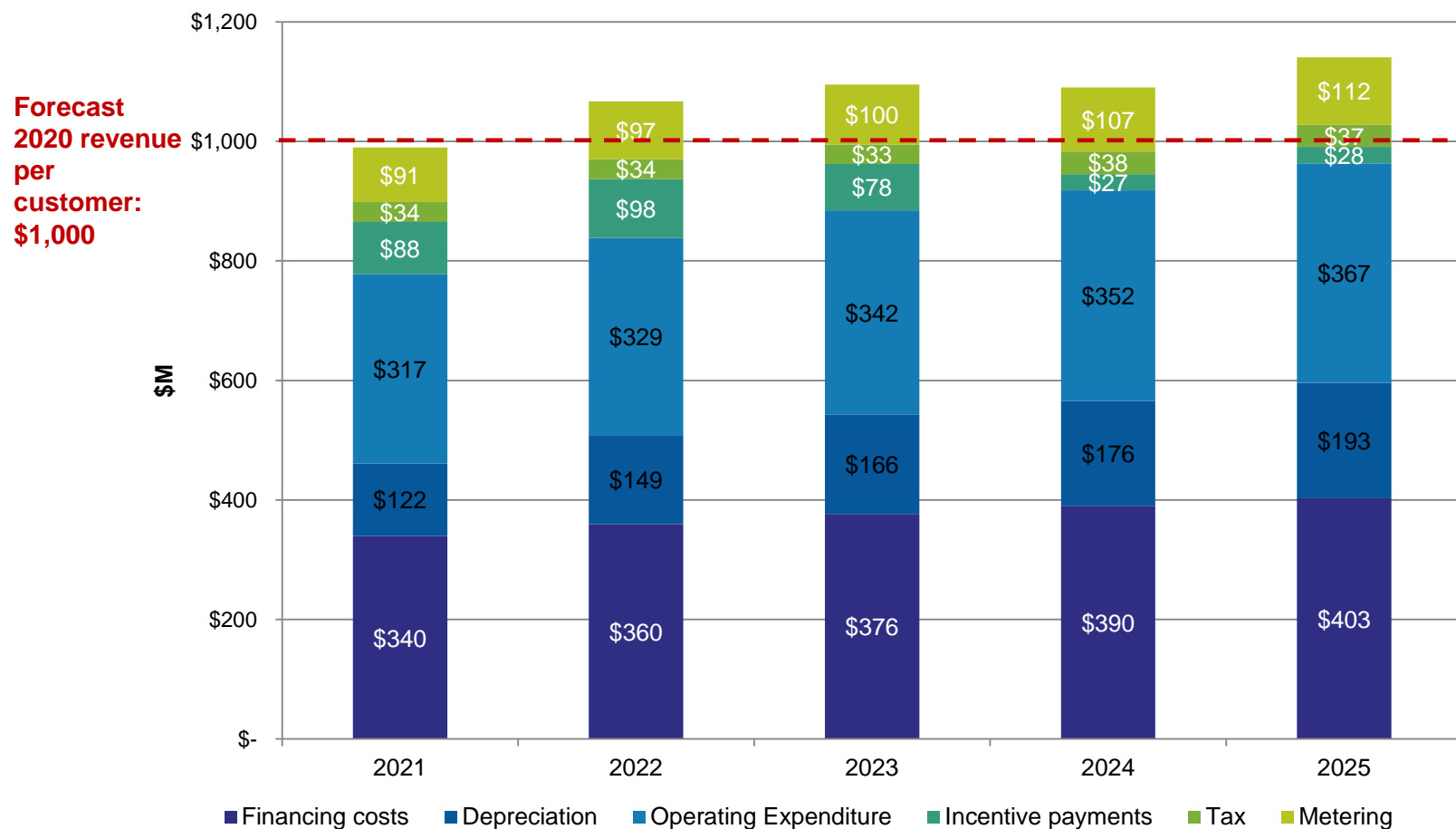
# Overview of preliminary revenue forecast



Preliminary forecast total revenue, \$M nominal



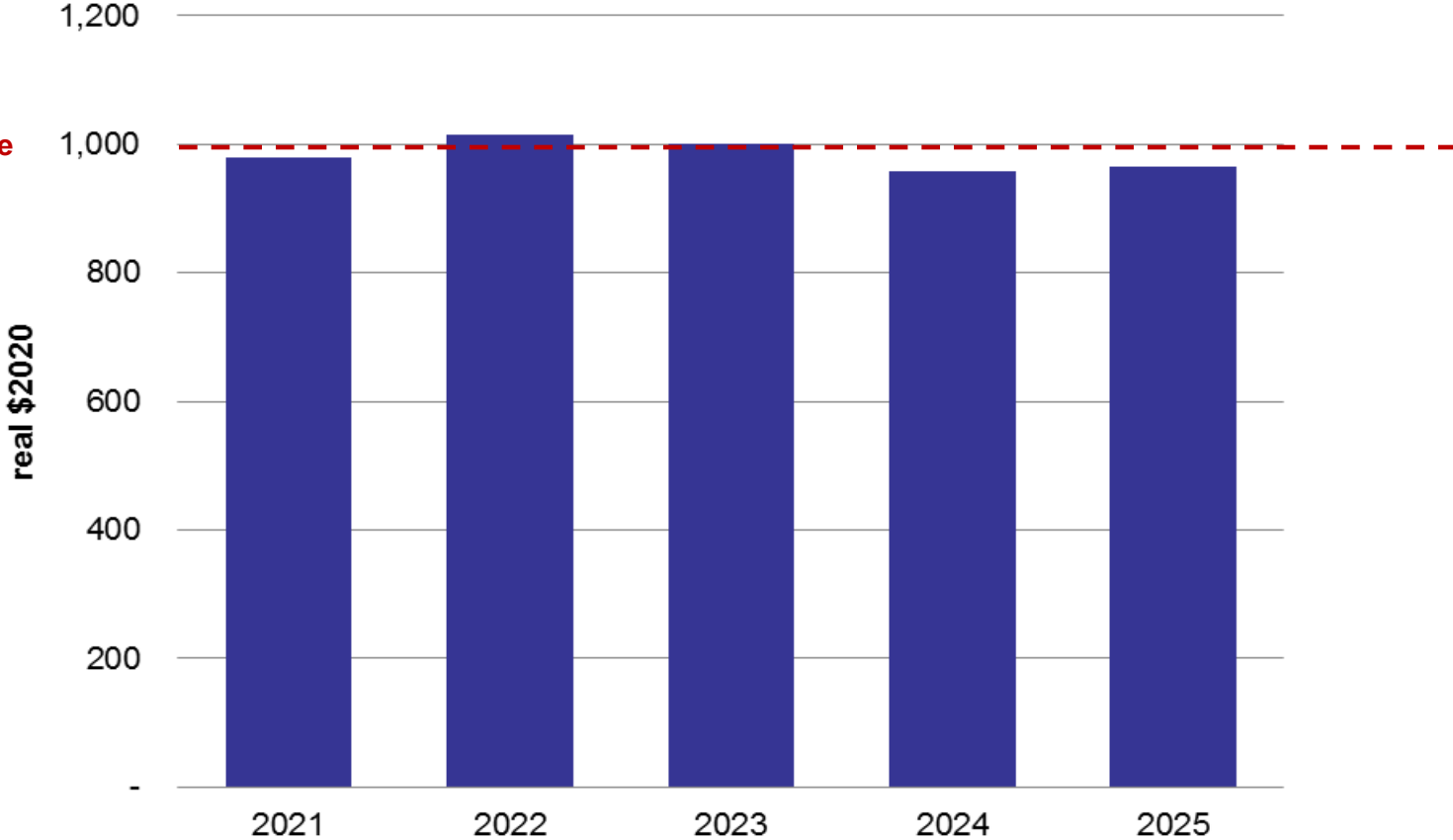
# Nominal Revenue per Customer



# Real Revenue per Customer

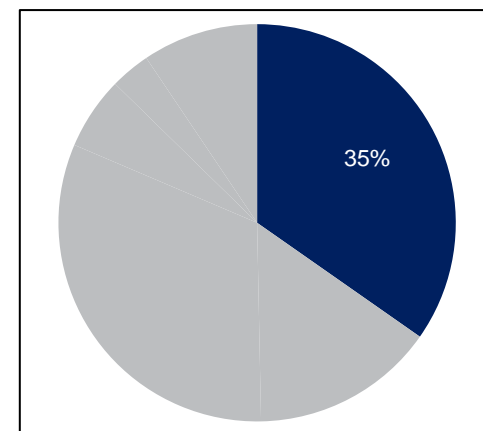
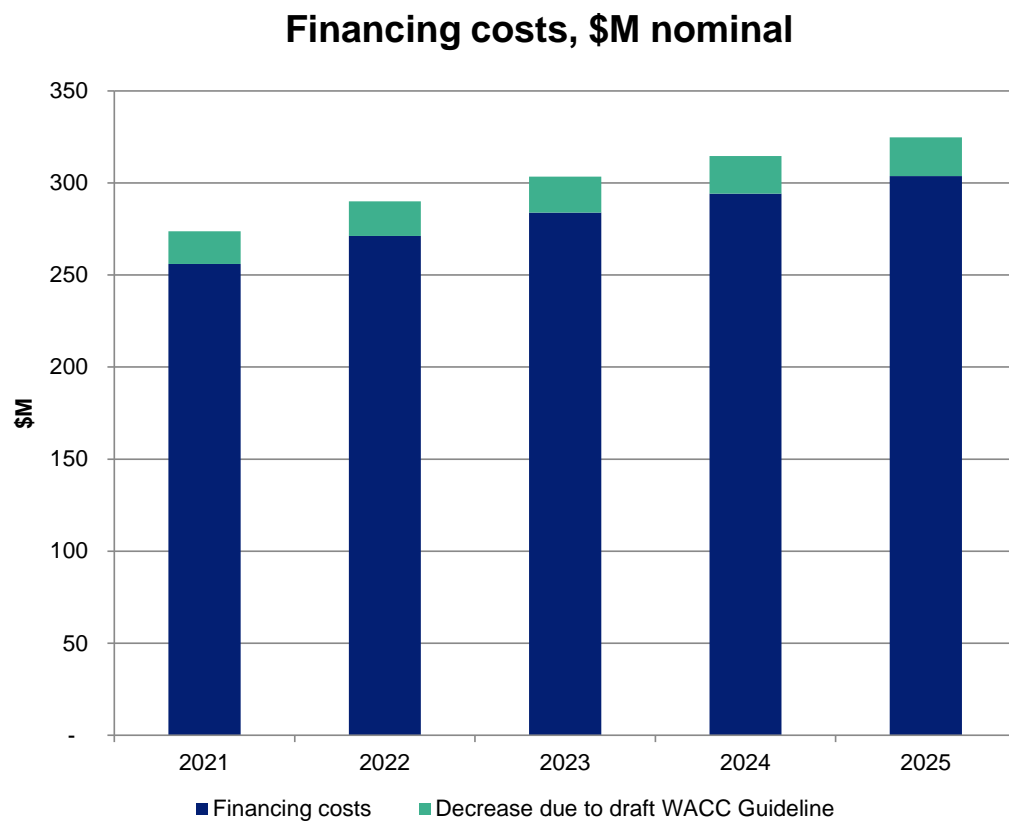
## Revenue per customer

Forecast  
2020 revenue  
per  
customer:  
\$1,000



## Financing costs

- ▶ **Forecast based on draft WACC guideline released 10 July 2018**
  - › If implemented would reduce financing costs by approximately \$100M

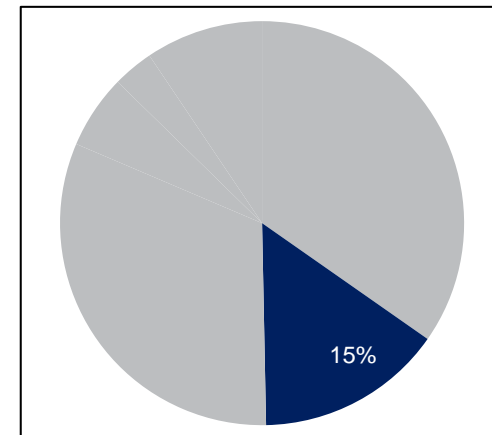
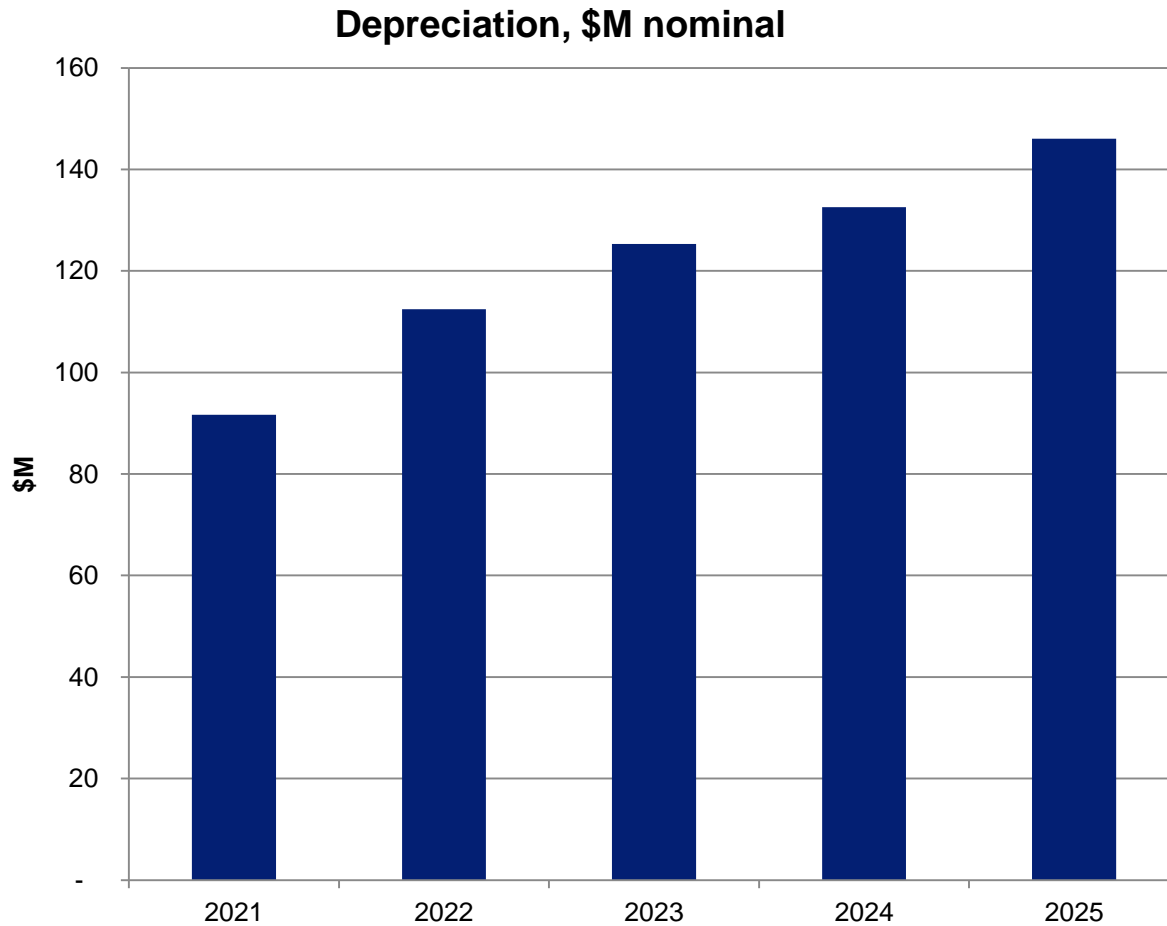




# Depreciation



► Based on current straight-line approach

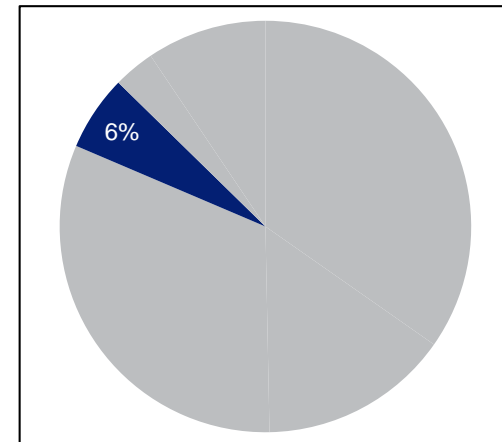
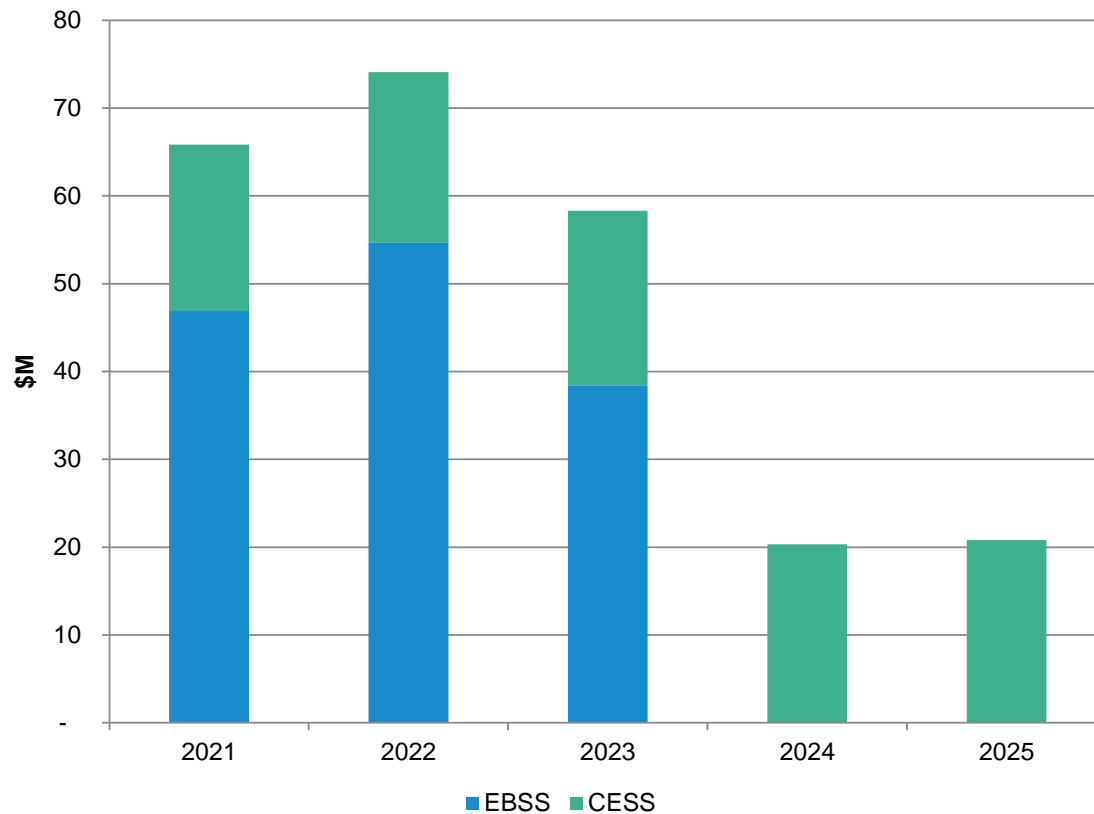


# Incentive payments



► Reflect the efficiency savings we have made during 2016-20 period

Incentive payments, \$M nominal

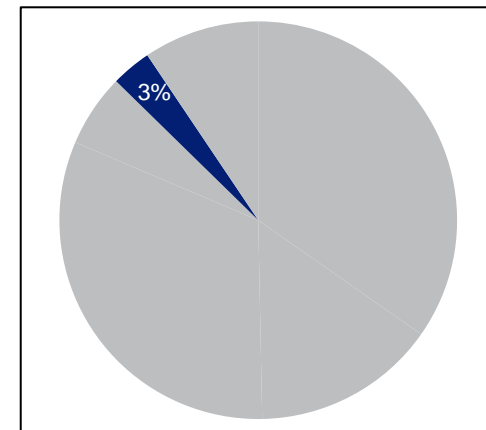
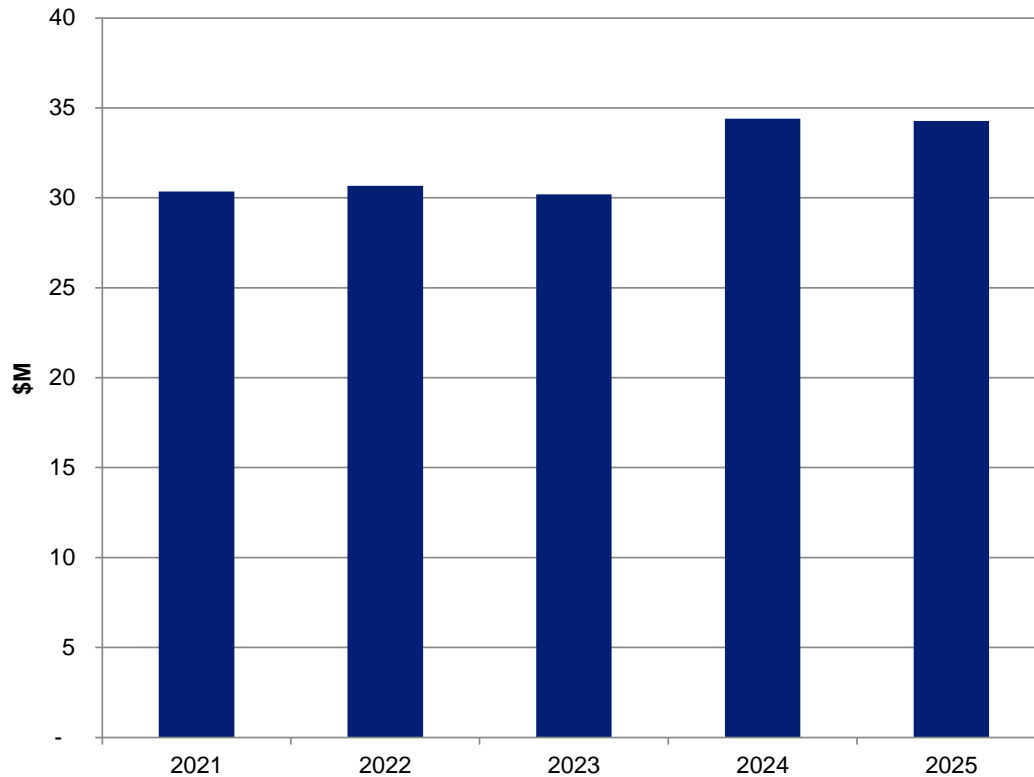


# Tax



- ▶ Based on tax allowance methodology set out in the Rules
- ▶ Tax allowance currently being reviewed by AER

Tax allowance, \$M nominal



# Other capex

► In scope capex accounts for around 9% of the total capex forecast

› Note the replex major rebuilds may not be in scope for NewReg

