

**Making of National Electricity Rule (Binding Rate of Return Instrument)  
Amendment Rule 2019**

**National Electricity Law – Section 90BA**

I, Daniel Cornelis van Holst Pellekaan, Minister for Energy and Mining for the Crown in right of the State of South Australia, as the Minister administering the *National Electricity (South Australia) Act 1996* of South Australia, hereby make the National Electricity (Binding Rate of Return Instrument) Amendment Rule 2019 under section 90BA of the *National Electricity (South Australia) Law* on the recommendation of the Council of Australian Governments' Energy Council sitting as the Ministerial Council on Energy for the purposes of that section.

This Rule has been signed by me for the purposes of identification as the National Electricity (Binding Rate of Return Instrument) Amendment Rule 2019 and commences operation on 1 February 2019.



**Hon Dan van Holst Pellekaan MP**  
Minister for Energy and Mining

J / / / 2019

## Part 1—Preliminary

### 1 Name of Rule

This Rule is the *National Electricity (Binding Rate of Return Instrument) Amendment Rule 2019*.

### 2 Commencement

This Rule commences on the day on which section 9 of the *Statutes Amendment (National Energy Laws) (Binding Rate of Return Instrument) Act 2018* comes into operation.

### 3 Amendment of National Electricity Rules

The *National Electricity Rules* are amended as set out in Part 2.

## Part 2—Amendment of National Electricity Rules

### 4 Amendment of clause 6.2.8 (Guidelines)

Clause 6.2.8(a)(1)—omit “the *Rate of Return Guidelines*,”

### 5 Substitution of clause 6.5.2

Clause 6.5.2—omit the clause and substitute:

#### 6.5.2 Return on capital

The return on capital for a *Distribution Network Service Provider* for a *regulatory year* ( $RC_t$ ) is to be calculated using the following formula:

$$RC_t = a_t \times v_t$$

where:

$a_t$  is the *allowed rate of return* for the *Distribution Network Service Provider* for the *regulatory year*, and

$v_t$  is the value, as at the beginning of the *regulatory year*, of the regulatory asset base for the *distribution system* owned, controlled or operated by the *Distribution Network Service Provider* (as established in accordance with clause 6.5.1 and schedule 6.2).

### 6 Amendment of clause 6.5.3 (Estimated cost of corporate income tax)

Clause 6.5.3—omit the definition of  $\gamma$  and substitute:

$\gamma$  is the *allowed imputation credits* for the *Distribution Network Service Provider* for the *regulatory year*.

**7 Amendment of clause 6.12.1 (Constituent decisions)**

Clause 6.12.1(5), (5A) and (5B)—omit paragraphs (5), (5A) and (5B) and substitute:

- (5) a decision on the *allowed rate of return* for each *regulatory year* of the *regulatory control period*;
- (5A) a decision on the *allowed imputation credits* for each *regulatory year* of the *regulatory control period*;

**8 Amendment of clause 6.18.6 (Side constraints on tariffs for standard control services)**

Clause 6.18.6(d)—omit “; and” at the end of subparagraph (3) and omit subparagraph (4) and substitute a fullstop

**9 Amendment of clause S6.1.3 (Additional information and matters)**

Clause S6.1.3(9), (9A) and (9B)—omit paragraphs (9), (9A) and (9B) and substitute:

- (9) the *Distribution Network Service Provider’s* calculation of the *allowed rate of return* for each *regulatory year* of the relevant *regulatory control period*;
- (9A) the *Distribution Network Service Provider’s* calculation of the *allowed imputation credits* for each *regulatory year* of the *regulatory control period*;

**10 Amendment of clause 6A.2.3 (Guidelines)**

Clause 6A.2.3(a)(1)—omit “the *Rate of Return Guidelines*,”

**11 Substitution of clause 6A.6.2**

- (1) Clause 6A.6.2—omit the clause and substitute:

**6A.6.2 Return on capital**

The return on capital for a *Transmission Network Service Provider* for a *regulatory year* ( $RC_t$ ) is to be calculated using the following formula:

$$RC_t = a_t \times v_t$$

where:

$a_t$  is the *allowed rate of return* for the *Transmission Network Service Provider* for the *regulatory year*, and

$v_t$  is the value, as at the beginning of the *regulatory year*, of the regulatory asset base for the transmission system owned, controlled or operated by the *Transmission Network Service Provider* (as established in accordance with clause 6A.6.1 and schedule 6A.2).

**12 Amendment of clause 6A.6.4 (Estimated cost of corporate income tax)**

Clause 6A.6.4—omit the definition of  $\gamma$  and substitute:

$\gamma$  is the *allowed imputation credits* for the *Transmission Network Service Provider* for the *regulatory year*.

**13 Amendment of clause 6A.14.1 (Contents of decisions)**

Clause 6A.14.1(5B), (5C) and (5D)—omit paragraphs (5B), (5C) and (5D) and substitute:

(5B) on the *allowed rate of return* for each *regulatory year* of the *regulatory control period*;

(5C) on the *allowed imputation credits* for each *regulatory year* of the *regulatory control period*;

**14 Amendment of clause 6A.14.3 (Circumstances in which matters must be approved or accepted)**

Clause 6A.14.3(b)—omit “require the *AER* to accept the *Transmission Network Service Provider's allowed rate of return* or is to be taken to”

**15 Amendment of clause 6A.23.3 (Principles for the allocation of the annual service revenue requirement to connection points)**

Clause 6A.23.3(f)(3)—omit “as approved by the *AER* in the *relevant revenue determination*”

**16 Amendment of clause S6A.1.3 (Additional information and matters)**

(1) Clause S6A.1.3(4)(vi)—omit subparagraph (vi)

(2) Clause S6A.1.3(4A), (4B) and (4C)—omit paragraphs (4A), (4B) and (4C) and substitute:

(4A) the *Transmission Network Service Provider's* calculation of the *allowed rate of return* for each *regulatory year* of the relevant *regulatory control period*;

(4B) the *Transmission Network Service Provider's* calculation of the *allowed imputation credits* for each *regulatory year* of the *regulatory control period*;

**17 Amendment of Chapter 10 (Glossary)**

(1) Chapter 10, definitions of ***allowed rate of return***, ***allowed rate of return objective*** and ***Rate of Return Guidelines***—omit the definitions

(2) Chapter 10, insert in alphabetical order:

***allowed imputation credits*** for a *Network Service Provider* for a *regulatory year* means the value of imputation credits for the *regulatory year* stated, or calculated in the way stated, in the *applicable rate of return instrument* for the *Network Service Provider* for the *regulatory year*.

***allowed rate of return*** for a *Network Service Provider* for a *regulatory year* means the rate of return calculated in the way stated in the *applicable rate of return instrument* for the *Network Service Provider* for the *regulatory year*.

***applicable rate of return instrument*** for a *Network Service Provider* for a *regulatory year* means the rate of return instrument in force when the network revenue or pricing determination for the *Network Service Provider* for the *regulatory control period* to which the *regulatory year* belongs is made (disregarding any determination made in substitution for an earlier determination for the *Network Service Provider* for that *regulatory control period*).