

20 October 2023

Sasha Jergic  
Analyst  
Australian Energy Regulator

Dear Ms. Jergic

**Re: Annual Benchmarking Report for distribution**

Thank you for the opportunity to review the Annual Benchmarking Report for Distribution, I provide the following comments on behalf of TasNetworks.

TasNetworks prefers to include the new section 3.2 in the AER's Annual Benchmarking Report. Noting the consultation taken place to date to address differences in capitalisation practises, it is worthwhile to provide the results with the updated methodology.

Whilst the adjustment to address the inclusion of capitalised corporate overheads into opex is sufficient for inclusion into this years Report, TasNetworks agrees that this should be consulted upon further following the publication of the benchmarking reports.

TasNetworks is of the view that Appendix B provides useful context for readers of the report. Of particular value is section B.1 which provides a concise explanation of the techniques used. Section B.2, containing benchmarking data may be found elsewhere, but the inclusion of descriptive information helps readers understand the report without venturing further into the Quantanomics report. Additionally, readers may elect to not read this section if they are familiar with the content.

TasNetworks appreciates the transparency and explanations regarding the monotonicity violations and the anomalous results. With respect to the benchmarking results in general, TasNetworks agrees with the AER's statement that there are inherent limitations with all benchmarking exercises, and support the AER's conservative approach to interpreting and applying benchmarking results in the context of revenue determinations.

If you have any questions relating to this submission, please do not hesitate to contact Sam Riewoldt on [REDACTED] or [REDACTED].

Yours sincerely

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Chantal Hopwood  
Head of Regulation