



Ref. A5608424

22 August 2024


Claire Preston
Director, Network Expenditure
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

Dear Claire,

PRELIMINARY 2024 ECONOMIC BENCHMARKING RESULTS FOR TRANSMISSION NETWORK SERVICE PROVIDERS

Powerlink Queensland (Powerlink) appreciates the opportunity to review the Australian Energy Regulator's (AER's) preliminary 2024 economic benchmarking results for Transmission Network Service Providers (TNSPs) prepared by Quantonomics. We provide the following feedback for consideration:

- Methodology:** We consider the AER's methodological refinements to the calculation of Annual User Cost (AUC) components are reasonable. Given the technical nature of the AUC and benchmark tax liability calculation updates, we recommend explanatory notes be included in technical appendices to Quantonomics' Final Report and/or the AER's Benchmarking Report.
- Stakeholder communication of results:** We consider that Quantonomics' Draft Report is reasonably clear and adopts an appropriate tone. However, given its highly technical nature, we recommend the AER continue last year's practice to develop information sheets to accompany its 2024 Benchmarking Report and include drafts of these in the next round of consultation to allow TNSPs to have input on their content.
- Reporting timeframes for Energy Not Supplied (ENS) data:** From the associated data files, it appears that Powerlink's ENS data does not align with the reporting period for our Regulatory Information Notice (RIN) return data. For example, Powerlink's calendar year 2022 ENS data should align with our 2022/23 RIN data, consistent with explanations in our Economic Benchmarking RIN Basis of Preparation documents. As such, we recommend the AER's benchmarking analysis align with relevant reporting periods.
- Consistency in the associated data files:** We noted several discrepancies, such as the use of different AUC series and different ENS data for some TNSPs, between the: (1) consolidated benchmarking data Excel; and (2) CSV data files used to calculate productivity indices in Shazam/Stata. We recommend the AER and Quantonomics confirm the validity and accuracy of input data and ensure that the inputs used in the various documents/files that accompany Quantonomics' Final Report are consistent.
- Benchmarking specification review:** We consider there would be benefit in a targeted AER review of the non-reliability output weights. However, we consider there remains a need for a broader review of the transmission economic benchmarking specification, which has been foreshadowed by the AER for several years in its Annual Benchmarking Reports. Such a review would help ensure that data series for the range of services networks provide is captured more effectively.



Please contact me if you have any questions in relation to our submission.

Yours sincerely,

Jennifer Harris
Acting Executive General Manager, Energy Futures