



Ref: 20221220MC:JC

21 December 2022

Mr Arek Gulbenkoglu  
General Manager, Network Expenditure  
Australian Energy Regulator (AER)  
GPO Box 520  
Melbourne VIC 3001

Via email: [arek.gulbenkoglu@aer.gov.au](mailto:arek.gulbenkoglu@aer.gov.au)

Dear Mr Gulbenkoglu

### **Cost Pass Through Application – 2022 North Coast Flooding**

Further to our previous correspondence and discussions with the AER, we submit our cost pass through application (written statement) to recover the additional costs for the 2022 North Coast Flooding event. This submission is in accordance with the provisions of Clause 6.6.1 of the National Electricity Rules, for review and determination by the AER.

The devastation caused by flooding in the north coast of New South Wales in late February and March 2022 was unprecedented. Large parts of the electricity network in Lismore and the surrounding area were completely submerged because of record rainfall and river levels.

Essential Energy's 2019–24 regulatory proposal did not include any expenditure forecasts for this unforeseen event. Whilst networks generally absorb increases in costs from external events, the impact of the flooding and the scale of the costs mean Essential Energy is seeking an increase in regulated revenue to cover the shortfall.

Essential Energy anticipates the damage from this specific flooding event will cost an extra \$25.8 million to address, through to 30 June 2024. A majority of this amount has already been spent but further expenditure is also required prior to the next regulatory period. We have estimated the cost recovery will result in an extra \$2.63 for a typical residential customer, or \$5.66 for a small business customer in their 2023–24 distribution charges.

We have reduced customer charge impacts by excluding costs covered by the prudent insurance we hold for major assets. We have also ensured only efficient and incremental costs are included in this submission – as evidenced through an independent verification and assessment review.

If you would like to discuss this submission, or require any further information, please contact

[REDACTED], Network Regulation Manager, via [REDACTED]

or [REDACTED]

Yours sincerely

[REDACTED]

John Cleland  
Chief Executive Officer