



OFFICE OF THE CHIEF EXECUTIVE

Ref: A2128418

6 February 2015

Mr Chris Pattas  
General Manager, Network Investment and Pricing  
Australian Energy Regulator  
GPO Box 3131  
CANBERRA, ACT 2601

Submitted via: [TransGridrevenuereset@aer.gov.au](mailto:TransGridrevenuereset@aer.gov.au)

Dear Chris

**AER Benchmarking Report (AER Reference: 54669)**

Thank you for the opportunity to comment on the Australian Energy Regulator's (AER's) first Annual Benchmarking Report for electricity transmission network service providers (TNSP).

Powerlink understands that the Rules require the AER to publish annual benchmarking reports that set out the relative efficiencies of network service providers (NSP) based on the information available to it. In finalising the Rules on benchmarking as part of broader changes to the economic regulation of NSPs, the Australian Energy Market Commission (AEMC)<sup>1</sup> noted:

- the criticality of benchmarking in assessing the efficiency of an NSP;
- the assistance such an exercise could be to consumers in providing them with information about the relative performance of NSPs. In particular, to allow them to participate in the regulatory determination process; and
- that benchmarking should take account of differences in the environments of different NSPs.

Powerlink acknowledges the complexity and difficulty in developing robust tools and methodologies upon which to perform benchmarking to a high standard. Of fundamental importance in such benchmarking is the consistency of the dataset which underpins the analysis.

While the AER widely consulted regarding the data requirements it is apparent that a consistent dataset has not yet been achieved. From Powerlink's initial review of the benchmarking outcomes, there are a number of areas where the data is clearly not

<sup>1</sup> AEMC, Rule Determination, National Electricity Amendment (Economic Regulation of Network Service Providers) Rule 2012, 29 November 2012, viii.

provided in a like-for-like manner and the resultant benchmarks therefore misrepresent the position of TNSPs. For example, transformer capacities and connection point numbers and voltages are areas where the data is not comparable. This appears to be due to the different interpretations of TNSPs in preparing some of the Regulatory Information Notice data which are not aligned to the instructions but are recorded in the respective basis of preparation documents. Powerlink considers these obvious data issues should be identified and corrected by the AER in its benchmarking report preparation processes.

Powerlink supports the intent of the AER's benchmarking and considers that considerable benefit can be gained by the businesses, as well as the AER and stakeholders, from being able to participate in a well-founded and well understood benchmarking framework.

Powerlink will continue to make further comparisons for data consistency to support the benchmarking in a manner which avoids data errors and provides genuine comparisons.

If you have any questions in relation to this matter, please contact Jennifer Harris.

Yours sincerely



Merryn York  
**CHIEF EXECUTIVE**

Enquiries: Jennifer Harris  
Group Manager, Network Regulation  
Tel. (07) 3860-2667  
Email: [jharris@powerlink.com.au](mailto:jharris@powerlink.com.au)