

29 August 2017

Mr Evan Lutton  
Assistant Director - Networks Branch  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001

Sent via e-mail

Dear Mr Lutton,

### Review of Economic Benchmarking of TNSPs - Position Paper

TransGrid welcomes the opportunity to respond to the Australian Energy Regulator's Review of Economic Benchmarking of TNSPs. This letter is TransGrid's response to Economic Insight's position paper 'Review of Economic Benchmarking of Transmission Network Service Providers – Position Paper' published on 10<sup>th</sup> August 2017.

TransGrid is the operator and manager of the high voltage transmission network connecting electricity generators, distributors and major end users in New South Wales and the Australian Capital Territory. TransGrid's network is also interconnected to Queensland and Victoria and is central to a secure electricity system that allows for interstate energy trading.

TransGrid welcomes the AER's continuing efforts to improve TNSP benchmarking in response to previous feedback. Issues raised previously by TransGrid include that:

- The sample size is very limited
- Material environmental factors are not well accounted for
- The model appears to become unstable when the latest data is used
- There appears to be a bias against larger TNSPs.

These concerns are not exclusive to TransGrid and each has been raised by other businesses.

Despite these issues, TransGrid is broadly supportive of Economic Insight's position to modify the output specifications as described in the position paper.

If you would like to discuss this submission, please contact Nicola Tully on 02 9284 3120.

Yours faithfully



Nicola Tully  
**Manager, Prescribed Revenue and Pricing**