

From: Mary-Clare Crowley [REDACTED]
Sent: Wednesday, 10 September 2025 5:11 PM
To: Sasha [REDACTED]
Cc: [REDACTED]
Subject: RE: 2025 DNSP Annual Benchmarking Report - Draft report and results for consultation [SEC=OFFICIAL]

Hi Sasha

Thank you for sharing the draft 2025 benchmarking report information, and for providing us with further information to assist in our understanding.

We note the significant change (once again) in the current and historical rankings for productivity due to 'refinements' in methodologies. Ratcheted maximum demand has become significantly more important in term of outputs at the expense of circuit length. This materially affects sparse, long networks such as Essential Energy.

As Essential Energy has noted in previous submissions, the constant rebasing of rankings reduces the regard given by the industry to these annual rankings, as changes are often outside of the control of the DNSP, i.e. not clearly linked to genuine changes in efficiency.

There are several related issues that are also worth noting at this time:

Continuing gaps in the benchmarking methodology - Whilst the benchmarking attempts to include some aspects of different operating environments (such as the level of undergrounding and expectation for reduced maintenance costs), there are several areas that are not captured, and are still not developed as a separate operating environment factor (OEF). For Essential Energy, of critical importance is an OEF for vegetation costs – this was called out as needing to be developed by the AER in a report for them by Sapere in 2018. Essential Energy is required to spend significantly more on vegetation than any other network – because of its bushfire obligations and the level of vegetation around our network. It was accepted by the AER, that Essential Energy had an obligation to appropriately maintain the safety of its network by managing bushfire risks, in the Bushfire Risk Reclassification Contingent Project approved earlier this year.

In relation to OEF's, we urge the AER to consult on OEFs as part of the annual benchmarking process, rather than one-on-one with networks as part of their bespoke resets. This ensures broader consultation opportunities and awareness for all networks, on an issue that potentially affects all networks.

The impact of the energy transition – and distributed energy resources/ consumer energy resources – is still missing from the benchmarking. We understand that the AER is considering starting this work in 2027. We urge the AER to commence this work earlier, so the benchmarking is able to reflect operational changes that networks have been dealing with for several years now.

In closing, we recommend that next year the AER consider providing a draft of their executive summary with the draft Quantonomics report and results – this would ensure that the key changes and implications are appreciated by all networks.

This submission does not contain confidential information.

Kind regards

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