

From: Jerrie Li
Subject: RE: 2025 DNSP Annual Benchmarking Report - Draft report and results for consultation [SEC=OFFICIAL]
To: Sasha [REDACTED]
Cc: [REDACTED]
Sent: September 13, 2025 9:48 AM (UTC+10:00)

Hi Sasha

Thank you for sharing the draft 2025 benchmarking report, Quantonomics memo and supporting files. We appreciate the transparency of the process and the opportunity to provide feedback.

We support the update to Multilateral Total Factor Productivity (MTFP) output weights, reflecting the most recent data and the revised treatment under the Cost Allocation Methodology (CAM). Aligning these inputs with those used in the econometric models improves consistency and comparability.

We appreciate the AER's initiative in commissioning an independent review of the MTFP output weights, which has strengthened the robustness of the approach and provided a valuable cross-check against alternative methods.

We recognise the trade-offs between model complexity and statistical significance. Given the current data limitations, we agree with Quantonomics' view to retain the existing estimation approach. It offers regulatory certainty and consistency, and the results are broadly aligned with those suggested by CEPA's independent review.

Looking ahead, we see merit in potentially revisiting the output weight estimation approach in five years, when a larger data sample becomes available. To improve transparency and replicability, we suggest that future estimation be undertaken in STATA, consistent with the rest of Quantonomics' benchmarking work, rather than in Shazam.

Regards

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