

22 September 2025

Sasha [REDACTED]
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Network Regulation
Australian Energy Regulator
Level 29 135 King Street, Sydney

Dear Sasha

Re: Feedback on Quantonomics' update of non-reliability output weights

Thank you for the opportunity to comment on the benchmarking modelling that Quantonomics has undertaken for the 2025 DNSP Annual Benchmarking Report.

SA Power Networks has historically performed strongly in the AER's benchmarking analysis, reflecting our commitment to efficiency. However, the changes introduced this year, particularly the update to non-reliability output weights, have produced results that are fundamentally flawed, unreliable, and inconsistent with both historical outcomes and economic reality.

Given this, we value the chance to provide early feedback on Quantonomics' modelling, before it is incorporated into the 2025 DNSP Annual Benchmarking Report.

For SA Power Networks, the updated weights have resulted in a dramatic deterioration in our rankings:

- our 2024 ranking on the opex MPFP has fallen from **3rd to 8th**; and
- our 2024 ranking on the capital MPFP and the MTFP has fallen from **1st to 4th**.

We believe these results, which do not accurately reflect of our actual efficiency performance and are instead the product of a fundamentally flawed modelling process, should not be published in their current form.

Our Key Views

The updated non-reliability output weights are fundamentally flawed as the Leontief models used during the estimation process are mis-specified. This is producing unreliable and spurious results that undermine the credibility of the benchmarking process. For instance, the models fail to include relevant output variables that are driving expenditure for distribution businesses, such as the delivery of CER services. This omission disproportionately penalises businesses, such as SA Power Networks, who are leading the energy transition to a more customer energy resources future.

Noting this and based on our review of Quantonomics' modelling, we think that:

- The misspecification of the models means that the estimated Leontief models are unreliable. Indeed, a close examination of the estimated individual Leontief models demonstrates that these are economically meaningless and are inconsistent with the results from the AER's economic benchmarking models. No attempt has been made by Quantonomics to examine, reconcile or explain this.
- Because the industry-wide output weights rely directly on the results of these unreliable Leontief models, the industry-wide output weights are also unreliable. Yet, the updated output weights have changed the MPFP and MTFP outcomes for a number of DNSPs in unexpected ways. In SA Power Networks' case, the update to the output weights – particularly a 42% increase in the weighting for ratcheted maximum demand and a 33% decrease in circuit length weighting – have ostensibly resulted in a material deterioration in performance. However, these results do not reflect our actual efficiency performance.

Based on the significance of changes to the benchmarking outcomes, we do not consider the truncated and informal approach to seeking feedback on the modelling for the 2025 DNSP Annual Benchmarking Report is adequate for changes of this magnitude. This process undermines confidence in the integrity of the benchmarking framework and fails to provide stakeholders with the transparency and rigour required for such material updates. A fulsome review and consultation process is essential to address these issues, and while we understand the AER intends to conduct such a review in 2027, this timeline is too distant given the immediate and significant concerns raised by the updated output weights.

The fundamental flaws in the output weights, driven by the unreliable and mis-specified Leontief models, necessitate immediate action. Considering this, we recommend either of the following, with a strong preference for Option 1:

- **Option 1: Retain the previous output weights until a fulsome review is completed:** The impact of the updated output weights is unexpected and inexplicable, with strong *prima facie* evidence that the Leontief models (the basis of the updated weights) are unreliable. Retaining the historical weights ensures stability and credibility in the benchmarking process while these issues are addressed.
- **Option 2: Publish results for old and new weightings:** If the AER wishes to publish in the Annual Benchmarking Report the MPFP and MTFP indices derived using the updated output weights, then it should also:
 - Publish in full the results using the old output weights;
 - Explain in the annual benchmarking report that some DNSPs have raised concerns about the reliability of the new output weights, explain what those concerns are and commit to undertake a formal review and consultation on this issue; and
 - Include in the Annual Benchmarking Report a health warning that the results using the new output weights should not be taken at face value until the issue has been investigated thoroughly and resolved.

These steps are critical to maintaining stakeholder confidence in the benchmarking process and ensuring that the results remain a credible and reliable tool for driving efficiency improvements across the industry. Without such measures, the benchmarking framework risks losing its integrity and its ability to incentivise meaningful performance improvements.

In addition, we also note the benchmarking data file does not include SA Power Networks amended revenue, as submitted to the AER on 1 May 2025. We have also been advised by Frontier Economics that the Leontief models for some DNSPs have been mis-estimated by Quantonomics. Whilst we think that, at a minimum, these estimation errors should be corrected, the more pressing issue is the need for a review of the process that has resulted in such unexpected changes in the output weights and MPFP/MTFP results.

Please find attached to this letter further detailed comments on the Draft 2025 Benchmarking results.

Our contact for this matter is [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

Yours sincerely

[REDACTED]

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SA Power Networks response to Draft 2025 Benchmarking Results

The important role of the AER's annual benchmarking analysis

The AER has explained that an important purpose of the benchmarking analysis it publishes each year, in the Annual Benchmarking Reports, is to incentivise DNSPs to make efficiency improvements, by making direct comparisons between DNSPs and over time:

*Benchmarking enables us to compare the performance of DNSPs relative to each other and over time. This is important in an industry where the service providers are natural monopolies because they may not face the same pressures to operate efficiently as firms in a competitive market. **By reporting comparative performance, we create an incentive for DNSPs to learn from each other and improve their performance** and provide meaningful information to consumers and other stakeholders for better engagement in our regulatory processes.¹ [Emphasis added]*

And:

*Many benefits flow from reporting the comparative performance of electricity networks. It provides meaningful information to consumers and other stakeholders and encourages participation and engagement in our regulatory processes. Also, **by comparing the performance of DNSPs, we create an incentive for DNSPs to learn from each other and improve their performance.**² [Emphasis added]*

The primary tools that the AER uses to make comparisons of efficiency performance between DNSPs, and over time, are the MPFP and MTFP indices. These indices allow the opex, capital and total factor productivity of DNSPs to be tracked over time. In addition, because these are multilateral indices, they allow comparisons to be made of the relative efficiency of the 13 DNSPs in any given year. In other words, the MPFP and MTFP indices can be used to rank DNSPs in each year from most efficient to least efficient. SA Power Networks agrees with the AER that the annual publication of the comparative performance of DNSPs can be an important tool to drive continuous efficiency improvements within the industry, for the benefit of consumers. Our own senior management and Board monitor the results of the AER's Annual Benchmarking Reports and use these results to inform strategic decisions.

However, the MPFP and MTFP indices will only succeed in delivering behavioural improvements to the extent that DNSPs have confidence in their reliability. Unexpected and inexplicable changes to the indices, such as has occurred following Quantonomics' update of the output weights used to construct these indices for the 2025 benchmarking report, undermines this confidence. If the MPFP and MTFP indices are no longer perceived as reliable, it is likely that some DNSPs will simply stop responding to the incentives for continuous efficiency improvements that the AER seeks to create through its Annual Benchmarking Reports. This will ultimately be to the detriment of consumers.

¹ AER, Annual Benchmarking Report, Electricity distribution network service providers, November 2016, p. 5.

² AER, Annual Benchmarking Report, Electricity distribution network service providers, November 2016, p. 8.

Furthermore, a sudden change in the indices (e.g., following an update to the output weights) that creates the impression of a sudden deterioration in the relative efficiency of a DNSP can create reputational harm to that DNSP, particularly with stakeholders such as consumers. SA Power Networks is very cognisant of this because, following the recent update by Quantonomics, our relative performance appears superficially to have deteriorated materially on all three indices: the MTFP index, the opex MPFP index and the capital MPFP index. It is very difficult to explain such dramatic changes to stakeholders.

The changes to the output weights and MPFP/MTFP rankings are material and inexplicable

Table 1 below shows that Quantonomics update has resulted in a material change in the non-reliability output weights.

Table 1: Output weight estimates before and after most recent Quantonomics update

Output	Before update	After update
Energy delivered	8.58%	6.78%
Ratcheted Maximum Demand	33.76%	52.06%
Customer numbers	18.52%	15.12%
Circuit Length	39.14%	26.04%
Total	100%	100%

Source: SA Power Networks analysis.

Note: the updated weights are those obtained after correcting the mis-estimation errors identified by Frontier Economics, which are discussed below.

Specifically, there has been a very material increase in weight assigned to ratcheted maximum demand, and a material reduction in weight assigned to circuit length. There has also been a more modest reduction in weight assigned to customer numbers.

This has resulted in very significant changes in the MPFP and MTFP rankings, including for SA Power Networks. Our 2024 ranking on the opex MPFP has fallen from 3rd overall to 8th, and our 2024 ranking on the capital MPFP and the MTFP has fallen from 1st overall to 4th.

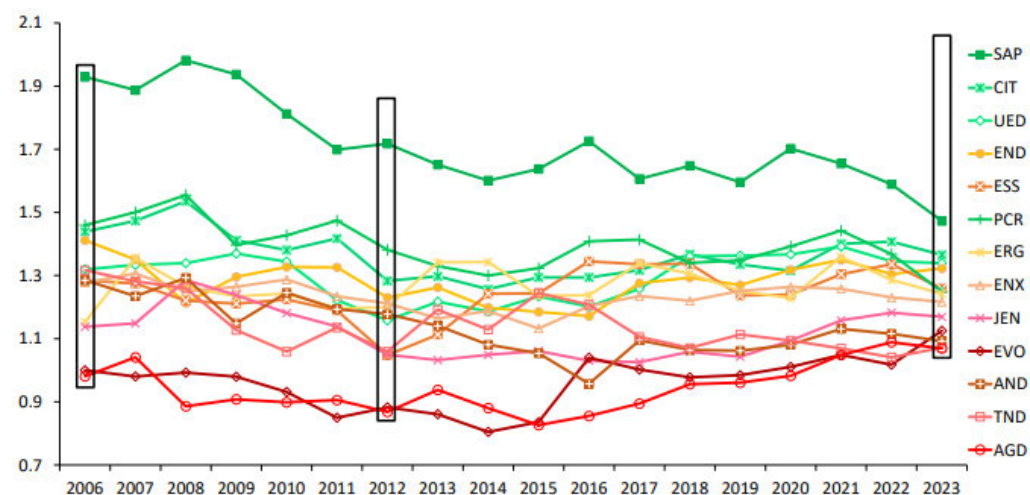
This has caused us considerable consternation because, as the results presented below show, prior to the Quantonomics update, SA Power Networks had consistently ranked as the top-performing DNSP in terms of the MTFP and capital MPFP indices, and one of the top-performing DNSPs in terms of the opex MPFP index.

When such material changes are proposed, it is incumbent on the AER to follow a sound, public consultation process whereby Quantonomics is required not simply to report the changes, but to explain why they have occurred. Stakeholders should also be given a proper opportunity to comment, through a formal process, on the reasonableness of the changes before they are adopted. The truncated and informal process that the AER is currently following, when seeking feedback on the draft results for the 2025 DNSP Annual Benchmarking Report, is inadequate when such significant changes are being contemplated.

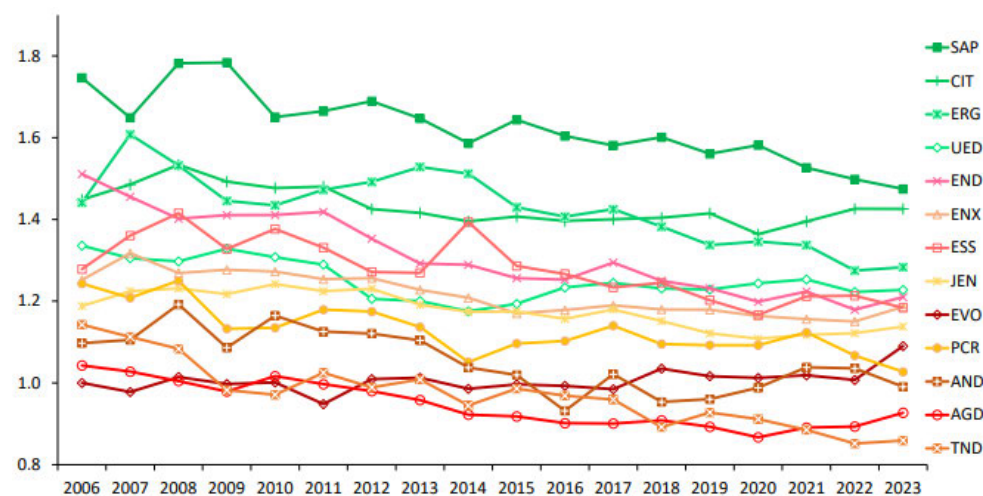


Figure 1: MTFP and MPFP indices, 2006 to 2023, published in the 2024 DNSP Annual Benchmarking report

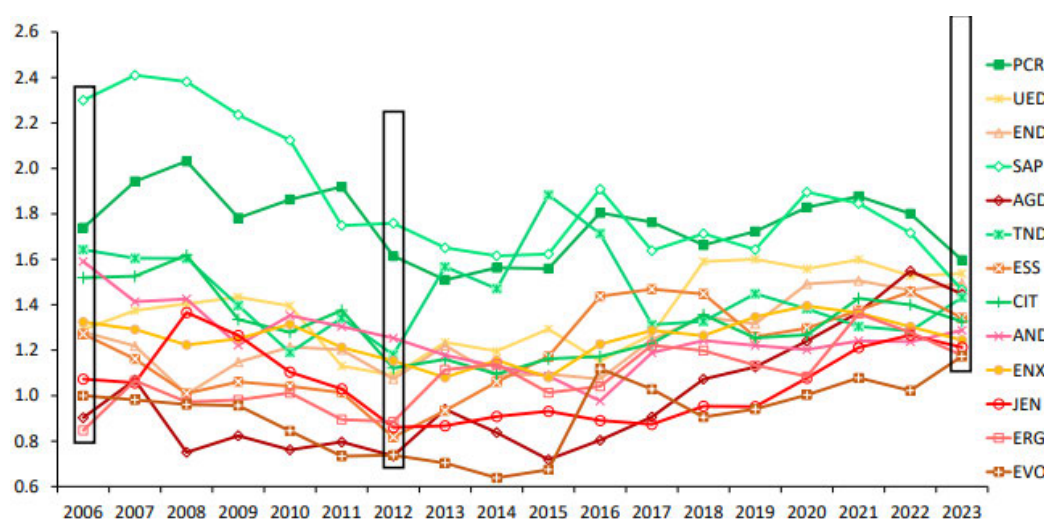
MTFP



Capital MPFP



Opex MPFP



Source: 2024 DNSP Annual Benchmarking Report

The estimated Leontief models are not reliable

We engaged Frontier Economics to investigate why the estimated output weights have changed so materially. Frontier Economics has advised that the estimated Leontief models do not appear to be reliable:

- Quantonomics specifies four potential output variables as potential explanators of inputs in the Leontief production functions. As Table 2 below shows, none of the 52 models estimated by Quantonomics identify all four outputs as input drivers;
- More than half the coefficients are estimated to be zero;
- The real opex models identify only a single output variable as the relevant driver of opex in eight out of 13 cases. This is entirely inconsistent with the econometric benchmarking models used by the AER to assess the efficiency of base year opex;
- There are no instances where ratcheted maximum demand, customer numbers and circuit length (the three main output variables specified in the econometric benchmarking models used by the AER to assess efficient base year opex) are identified together as drivers of real opex. Again, this is inconsistent with the analysis that the AER relies on when assessing the efficiency of base year opex;
- Energy delivered is identified as a driver of real opex for four DNSPs, even though it is excluded from the AER's opex benchmarking models. This contradicts the AER's previously stated view that energy delivered is not a driver of DNSPs' costs:

*Energy delivered is a measure of the amount of electricity that distributors deliver to their customers. This reflects the overall throughput on the network. **Energy delivered is not a driver of costs** as distribution networks are typically engineered to manage maximum demand. However, the energy delivered is an output for which customers are billed.³ [Emphasis added]*

³ AER, Electricity distribution network service providers, Annual benchmarking report, November 2014, p. 13.

- For SA Power Networks, ratcheted maximum demand is identified as the single driver for opex, yet our maximum demand has not increased since 2009. This is clearly non-sensical. It seems that the explanation for this result is that all the other output variables (customer numbers, circuit length and energy delivered) tend to grow very smoothly over time. By contrast, there was a step-change in SA Power Networks' ratcheted maximum demand in 2009. The linear component of the growth in real opex is explained by the time trend variable in the model. The variability of real opex around the trend is explained best by the only output variable that does not grow smoothly over time—namely, ratcheted maximum demand. The model has simply identified the best way to fit the available data. However, there is no sensible economic rationale for this outcome; it is a spurious result.

Table 2: Drivers identified in Leontief production functions estimated by Quantonomics

DNSP	Real Opex	Overhead lines	Underground cables	Transformers
Evoenergy	CircLen*	RMD, CircLen	CircLen	Energy, CircLen
Ausgrid	RMD	RMD, CircLen	RMD, CircLen*	RMD
CitiPower	Energy	CustNum, CircLen	Energy, CircLen	Energy, RMD, CircLen
Endeavour Energy	RMD	RMD, CircLen	RMD	RMD, CircLen
Energex	RMD	RMD, CircLen	RMD	RMD, CircLen
Ergon Energy	RMD, CustNum	CircLen*	RMD	CustNum
Essential Energy	CustNum	Energy, RMD, CircLen	RMD, CircLen	Energy
Jemena	RMD	CircLen	CustNum	RMD, CircLen
Powercor	Energy, RMD, CircLen	CustNum, CircLen	RMD, CustNum	RMD, CircLen
SA Power Networks	RMD*	Energy, CustNum, CircLen	Energy, CustNum, CircLen	RMD, CircLen
AusNet Dist	RMD	RMD, CircLen*	CustNum, CircLen	RMD, CircLen
TasNetworks Dist	Energy, CustNum	Energy, CircLen	CircLen	RMD, CustNum, CircLen*
United Energy	Energy, RMD	RMD, CustNum	RMD, CircLen	Energy, RMD, CustNum

Source: Frontier Economics analysis.

Notes: * As explained below, these production functions were mis-estimated by Quantonomics. The results summarised represent the results from the correctly estimated models.



As a further illustration of how the estimated Leontief models are spurious, consider the regression for Essential Energy's real opex. As estimated by Quantonomics, the only driver of real opex is customer numbers, with an R-squared of 12.70%. However, consider a cost function with the following form (i.e., a constant and a time trend):

$$RealOpex_t = \beta_1(1 + \beta_5 t) = \beta_1 + \beta_1 \beta_5 t$$

The R-squared of this cost function, when applied to Essential Energy's historical opex data, is 15.68%, which is materially higher than the R-squared of the Essential Energy model estimated by Quantonomics. This means that the information contained in the customer number series (and indeed the energy delivered, ratcheted maximum demand and circuit length series) is unable to predict real opex any more reliably than assuming a simple linear trend in real opex. This is clearly nonsensical and at odds with the results of the econometric benchmarking models that the AER relies on to test the efficiency of DNSPs' base year opex.

This also means that if an output variable had been constant throughout the sample period, it would have been selected as the sole driver of real opex for Essential Energy. This is itself nonsensical as the output cannot reasonably be said to drive real opex if there is no variation in the driver itself. As to why customer numbers was selected by Quantonomics' model as the sole driver of Essential Energy's real opex, the reason becomes evident by considering the correlation of the output variables with time, as presented below in Table 3.

Table 3: Correlations of output variables with time (Essential Energy, 2006-2023)

Output	Correlation with time variable	R-squared of cost function
Energy delivered	85.4%	9.67%
Ratcheted Maximum Demand	92.4%	2.46%
Customer numbers	99.2%	12.70%
Circuit Length	29.5%	7.15%

Source: SA Power Networks analysis.

Essential Energy's customer numbers change very smoothly over time, with a correlation coefficient of close to 100%. That is, the relationship between Essential Energy's customer numbers and time is almost linear.⁴

⁴ As the relationship approaches a linear relation, we can consider $CustNum_t = \gamma_1 + \gamma_2 t$, so that the estimated relationship between customer numbers and real opex can be expressed as $RealOpex_t = (\beta_1 CustNum)(1 + \beta_5 t) = (\beta_1(\gamma_1 + \gamma_2 t))(1 + \beta_5 t) = \beta_1 \gamma_1 + \beta_1 \beta_5 \gamma_1 t + \beta_1 \gamma_2 t + \beta_1 \beta_5 \gamma_2 t^2$, which is approximated by $RealOpex = A_1 + A_2 t$ for small β_5, γ_2 , i.e., when the two growth terms are small.



Customer numbers is chosen as the sole driver of Essential Energy's real opex not because it genuinely is the sole driver of opex, but because it serves as a proxy for a constant term in the estimated equation, allowing the closest match to a simple linear regression between real opex and time. There is no evidence at all that customer numbers is the sole driver of Essential Energy's real opex—yet that is what Quantonomics' modelling suggests. This is clearly a spurious outcome that is an artefact of a mis-specified model fitted to insufficient data.

While the illustrative example above focusses on the estimated Leontief model for Essential Energy, because it demonstrates most clearly the absurdity of outcomes implied by Quantonomics' update, similarly spurious outcomes have been produced for other DNSPs. The result is that none of the estimated Leontief models are reliable. Therefore, the basis for the updated output weights proposed by Quantonomics should be rejected.

The results from the individual Leontief models have no reasonable economic meaning. Yet, they are used to estimate the aggregate cost shares of the four outputs at the industry level. This means that the aggregate, industry-wide estimates of the output weights (which are derived directly using the results from the individual Leontief production functions) are also unreliable.

The estimated Leontief models are unreliable because they are mis-specified in several important ways. For instance:

- Some important output variables are omitted—such as export facilitation and two-way power flows, which have grown in importance over time for certain DNSPs as CER adoption has accelerated. This issue is discussed further in the next section.
- The Leontief models do not allow for inefficiency as a possible explainer of DNSPs' inputs. Additionally, these models do not account for the likelihood that individual DNSPs have experienced changes in efficiency over time beyond a smooth linear trend. According to findings from the AER's Phase 1 consultation on the econometric benchmarking models, there is substantial evidence that the efficiency of certain Australian DNSPs has varied—sometimes significantly—over the historical benchmarking period. The Leontief models are incapable of taking this into account.

Besides the issue of model misspecification, the Leontief models are difficult to estimate reliably because they are fitted to too few data points. Quantonomics estimates each model using only 18 years of data (from 2006 to 2023). These models are not estimated as panel regressions, which means that all the data variation comes solely from changes over time, with no cross-sectional variation (i.e., variation across DNSPs). By contrast, the AER's econometric benchmarking models are estimated primarily using cross-sectional variation in the data. To develop better fitting models, the AER will likely need to consider a panel estimation approach that incorporates both time series and cross-sectional data to improve model fit.

A further limitation of the current method is that the industry non-reliability output weights are calculated based on the 'total cost shares' across the 13 DNSPs, which causes the results to be dominated by the largest DNSPs. This happens because the largest DNSPs contribute the most to the total estimated industry cost. There is little justification for assuming that the relationship between inputs and outputs for the largest DNSPs should dictate the output weights applied to all other DNSPs. By contrast, the econometric benchmarking models used by the AER to assess the efficiency of base year opex effectively weight all DNSPs equally, which in our view is more appropriate.

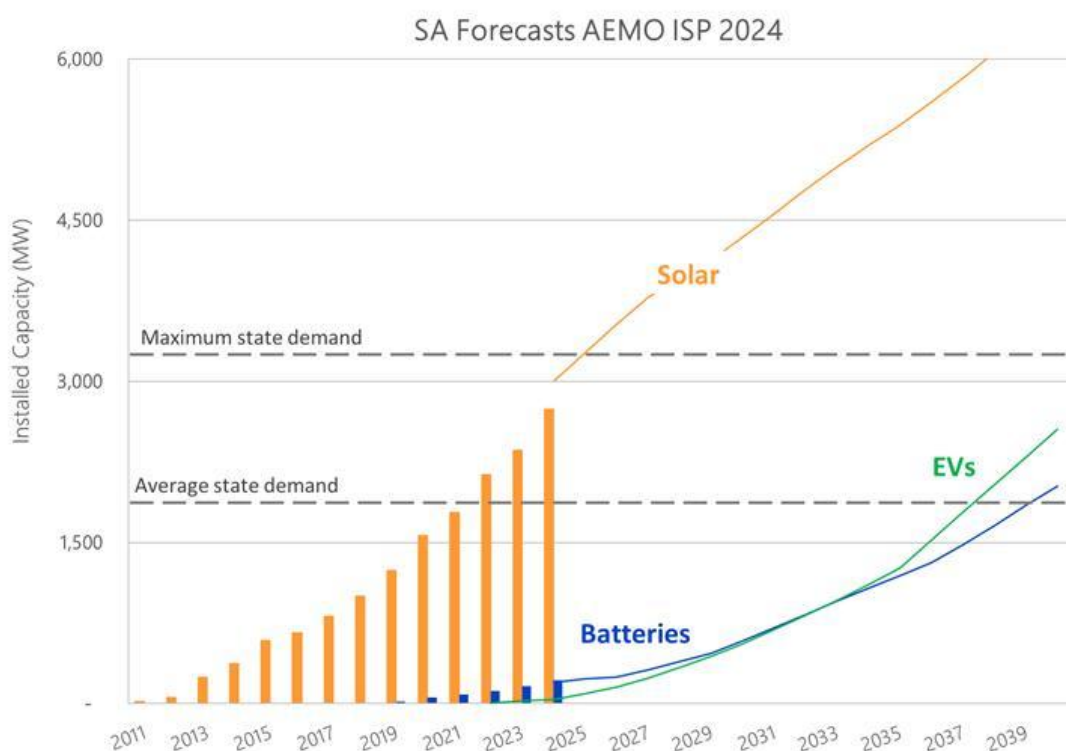


The Leontief model fails to account for important outputs delivered by DNSPs

As outlined in previous SA Power Networks' submissions, we remain concerned that the AER's benchmarking does not fully account for all the relevant outputs of a modern distribution business where the full output being produced (through capex + opex) is not being reflected in the benchmarking measures. For instance, the benchmarking methodology does not incorporate the inputs and outputs associated with enabling CER, which customers now expect as standard services. We also note this high CER penetration is also impacting on existing output measures, for example lowering energy delivered and load demand on the network during solar periods, giving the impression that we are being less productive while in fact we are delivery more outputs in total terms (load and export).

Figure 2 below, illustrates South Australia's solar adoption in recent years, a trend that is expected to continue. Additionally, the growing uptake of batteries and EVs is likely to further drive the need for investment in our network.

Figure 2: CER penetration in South Australia



Supporting the delivery of CER services has led DNSPs to undertake new network and non-network investments, which incur ongoing operating and maintenance costs that the current Leontief models cannot account for. In other words, the existing Leontief models fail to account for all the key outputs delivered by DNSPs.

Moreover, DNSPs like SA Power Networks, that are at the forefront of delivering CER services, are penalised by the existing Leontief models because changes in inputs related to the delivery of CER services are incapable of being explained by the models. In these circumstances, the models will seek to explain changes in the inputs using the outputs that are specified in the model, resulting in a mis-estimation of the true relationship between inputs and outputs. Notably, simply adding "energy delivered" as an output variable fails to capture CER's contribution properly. As CER penetration rises, grid-supplied energy may fall, due to increased consumer exports. "Energy delivered" also fails to capture DNSPs' evolving role in maintaining grid stability as two-way power flows increase.

Incorrect revenue within data model (DREV01: total revenue by chargeable quantity)

We note, the benchmarking data files include a figure of 797,017 for DREV01. SA Power Networks submitted EB RIN amendments on 1 May 2025 with actual data replacing estimates post pricing review for this data. The corrected figure should be 802,313.

A number of the Leontief production functions were mis-estimated by Quantonomics

Frontier Economics advised us that Quantonomics failed to estimate the Leontief model correctly in six instances.⁵ Quantonomics uses the nl package in the statistical software Stata to estimate each model. This package requires the user to specify starting values for the solver to iteratively estimate the coefficients in the regression model. Using a different approach (maximum likelihood estimation), Frontier Economics identified six models that had materially different coefficient estimates to the ones presented by Quantonomics. When those coefficient estimates were fed into the nl Stata package as starting values, the solver identified a different set of estimated coefficients than those presented by Quantonomics, with an improved model fit (i.e., lower sum of squared residuals). The Quantonomics estimates were not valid estimates because there are alternative estimates that produce a lower sum of squared residuals.

For example, Quantonomics' modelling identified energy delivered as the only driver of real opex for SA Power Networks, with a residual sum of squares of 3.801×10^9 . However, using a different set of starting values, Frontier Economics identified a better fitting model (with a residual sum of squares of 3.627×10^9) that identified ratcheted maximum demand (rather than energy delivered) as the relevant driver of real opex for SA Power Networks.

In some instances (as in SA Power Networks' case), adopting a model with a better fit (using the approach followed by Frontier Economics above) resulted in a change in the output variable or variables identified by the model as the relevant input driver.

SA Power Networks recognises that choosing appropriate starting points can be challenging. However, there were clear signs that that should have alerted Quantonomics to the fact that some of the models may have been mis-estimated, which in turn should have prompted further investigation. For example, two of the six mis-estimated models yielded a negative R-squared value. Quantonomics chose to report these unusual R-squared values as "NA".

⁵ These instances where the real opex models for Evoenergy and SA Power Networks, the overhead lines model for Ergon Energy and AusNet Distribution, the underground cables model for Ausgrid and the transformers model for TasNetworks Distribution.



While a negative R-squared value is not impossible in the context of the non-linear model estimated, it does indicate poor model fit. An appropriate response would have been to investigate the issue and to try alternative starting values for the estimated coefficients to see if an improved fit could be achieved. However, it appears that Quantonomics ignored a clear 'red flag' that at least some of the models may have been mis-estimated.

We note that the updated output weights presented by Quantonomics only made use of the economic benchmarking data to 2023, when in fact data up to 2024 is now available. It is unclear why the latest year of data was excluded from the analysis.

Proposed next steps

SA Power Networks has serious misgivings about the reliability of the updated output weights. We therefore propose that:

- As a matter of good regulatory process, the AER and Quantonomics should undertake a public process to explain the very material changes in the output weights and consult on the appropriateness of the changes before they are implemented. The truncated and informal process for seeking feedback on the modelling for the 2025 DNSP Annual Benchmarking report is unsuitable for such a change that would have significant reputational implications for some DNSPs.
- Until the issue has been investigated thoroughly and resolved through proper consultation, the AER should retain the previous output weights because the impact of the updated output weights is so unexpected and inexplicable, and because there is strong *prima facie* evidence that the Leontief models (the basis of the updated weights) are unreliable.
- If, however, the AER wishes to publish in the Annual Benchmarking Report the MPFP and MTFP indices derived using the updated output weights, then it should also:
 - Publish in full the results using the old output weights, so that all stakeholders can make a side-by-side comparison and see the effect of the update;
 - Explain in the annual benchmarking report that some DNSPs have raised concerns about the reliability of the new output weights, explain what those concerns are and commit to undertake a formal review and consultation on this issue;
 - Include in the Annual Benchmarking Report a health warning that the results using the new output weights should not be taken at face value until the issue has been investigated thoroughly and resolved; and
 - Address the mis-estimation of the Leontief models identified by Frontier Economics.

A review of the process for estimating the non-reliability output weights should focus on the following matters:

- For internal consistency, the AER should consider adopting the same output weights used to determine output growth in the base-step-trend formula. Those output weights are currently derived from the long-sample econometric benchmarking models that the AER uses to assess the efficiency of DNSPs' base year opex.



- However, before doing so the specification of the econometric models used to estimate output growth should be improved by:
 - Accounting properly for relevant new output variables, such as the volume of CER exports to the distribution network. We recognise that the AER has indicated its intention to review this issue in 2027. SA Power Networks considers that the omission of these output variables is likely distorting the benchmarking results. This issue therefore requires urgent attention from the AER and should be expedited. A review commencing in 2027 is too distant, given the importance of this issue; and
 - Allowing properly for time-varying inefficiency. SA Power Networks recognises that the AER is currently working on this as part of the Phase 2 consultation on improvements to the econometric benchmarking models.
- The AER should also review the process for estimating the capital and total cost output weights and whether the Leontief cost function specification remains fit for purpose.