

Ref: 20260909MC:JC

15 September 2026

Ben Stonehouse, Acting GM, Network Expenditure
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Dear Ben

Cost Pass Through Application – 2025 North Coast Weather Event

Further to previous correspondence and discussions with the AER on this matter, we submit our cost pass through application (written statement) to recover the additional costs associated with the 2025 North Coast Weather event. Essential Energy's network, across the North Coast of New South Wales ("NSW"), was affected by severe rain, wind, soil saturation, coastal erosion and flooding over March to May 2025. This North Coast Weather Event meets the requirements of a positive pass through event prescribed under clause 6.6.1(a1) of the NER, specifically a natural disaster event as specified in Essential Energy's 2024-29 Regulatory Determination.

The natural disaster event increased the costs to Essential Energy in providing direct control services. Incremental costs to address the impacts (the eligible pass through amount) totalled \$19.9M in FY24 terms and were not a consequence of an act or omission of Essential Energy – the events were outside Essential Energy's control and unforeseeable. We are requesting to recover the shortfall in nominal revenue (a positive pass through amount) of \$8.5M to cover these unexpected costs.

This cost pass through application will result in a typical residential customer paying an estimated annual average of \$2.94 extra in their retail bill across FY28 and FY29, and a small business customer paying an average \$5.84 extra in each of those years.

We discussed this proposed cost pass through application with our Essential Stakeholder Panel at their June 2026 meeting and the indicative customer bill impact and confirmed that we would follow the same direction from the People's Panel on the Backstop Cost Pass Through recovery period; their preference was to recover additional costs in bills over the remaining two years of this regulatory period – 2027-28 and 2028-29.

Consistent with previous submissions, Essential Energy has ensured that only efficient and prudent costs are included, with adjustments made to exclude any overlap with existing regulatory allowances. Robust internal and external review processes have been undertaken to validate the proposed costs and ensure alignment with compliance requirements. We hope that this strong governance framework and

the AER's commitment to streamlining cost pass through applications for natural disasters¹ will result in a proportionate and efficient assessment of our application.

If you would like to discuss this submission, or require any further information, please contact Mary-Clare Crowley, Head of Network Regulation, via [REDACTED]

Yours sincerely



John Cleland
Chief Executive Officer

¹ <https://www.aer.gov.au/publications/reports/submissions/letter-treasurer-regulatory-reform-opportunities>