

Sebastian Roberts
General Manager, Transmission and Gas
AER
GPO Box 520
Melbourne, Victoria, 3001

Thursday, 29 October 2020

Re: Framework and Approach Paper for Murraylink

Dear Mr Roberts

Murraylink is a privately funded electricity transmission asset operated by Murraylink Transmission Company Pty Limited. This request is submitted by Energy Infrastructure Investments Pty Limited on behalf of Murraylink Transmission Company Pty Limited.

I am writing under 6a.10.1A(c)(1) in relation to the current framework and approach paper. The Murraylink regulatory control period ends on 30 June 2023.

Current Framework and approach paper

We are not requesting a formal change to the current framework and approach paper.

Murraylink notes that parts of the AER's expenditure forecast guideline are not suitable to use in forecasting Murraylink's operating expenditure and have not been utilised by either Murraylink or the AER in the past.

It is Murraylink's view that it would be of assistance to stakeholders' understanding of Murraylink's proposed approach if the AER is able to indicate those parts of the guideline where it will focus its efforts.

Expenditure forecast assessment guidelines

The expenditure forecast assessment guideline indicates that expenditure will be assessed in the following elements:

- benchmarking (economic techniques and category analysis)
- methodology review
- governance and policy review
- predictive modelling
- trend analysis
- cost benefit analysis
- detailed project review (including engineering review).

As agreed in the past, given the difference in technology, size and role of Murraylink compared to other transmission networks there is limited scope for meaningful information to be gained from quantitative benchmarking Murraylink compared to other transmission networks.

Further, given that Murraylink comprises one asset there is also limited role for predictive modelling as this means that expenditure is intermittent and less continuous.

Therefore, for logical, practical reasons the appropriate elements for the AER to utilise from the forecast expenditure assessment guideline are: cost benefit analysis; detailed project review; methodology review; governance and policy review; and trend analysis.

It is helpful to stakeholders to understand why the AER rightly adopts a different approach for Murraylink compared to other larger TNSPs. We believe there is real benefit to be gained by both Murraylink and the AER communicating this approach to stakeholders at the commencement of the process.

If you have any queries in relation to this matter please contact Mark Allen, Manager Regulatory on [REDACTED]

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Fredricson', with a stylized flourish at the end.

Peter Fredricson
Director
Energy Infrastructure Investments Pty Limited
on behalf of Murraylink Transmission Company Pty Limited