

Our Ref: D13/49448

Your Ref:



18 October 2013

Mr Chris Pattas
General Manager, Network Operations and Development
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3011
expenditure@aer.gov.au

Dear Chris

Submission on Draft Economic Benchmarking Regulatory Information Notice (RIN)

Transend welcomes this opportunity to lodge a submission in response to the AER's draft economic benchmarking RIN.

Transend's submission is in regards to two key areas:

- the robustness of a back cast data set; and
- the timeframes for completion of the RIN including sign-off and audit requirements.

Transend believes the robustness of the data set likely to be produced through preparing back cast information over a period of 10 years is unlikely to be sufficient to conduct any meaningful benchmarking analysis.

The draft RIN requests a range of data which has not been collected in this form and accordingly will require a range of assumptions and estimations to be made to provide back cast information over 10 years. Such assumptions are likely to differ materially between NSPs. As a result, the value of the data set as a basis for benchmarking is questionable.

Transend suggests the AER consider a shorter period of back cast data (say 5 years). Transend has been preparing its annual Regulatory Financial Statements in a consistent format under the submission guidelines for the last 5 years with this information being a subset of the data requested in the RIN. Accordingly, the financial data provided for this period is likely to be more comparable than earlier periods which were not compiled under the same framework.

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Transend also notes the AER has recognised the challenges of preparing this data through the deferral of the auditing requirements to 16 May 2014. This has been substituted by NSPs providing a statutory declaration accompanying their initial RIN submission by 14 February 2014.

In Transend's own circumstances, this also comes during a period when we will be submitting and/or preparing both a transitional and full revenue proposal as well as any other new requirements such as the Category Analysis and Reset RINs.

Whilst provision of the audited RIN has been deferred, it is possible that Directors would prudently seek external review of the data prior to the signing of any statutory declaration. In addition, Directors are likely to be concerned with providing assurance about historical data that was collected for a different purpose and with different reporting requirements.

Given the RIN data is intended to be made public, NSPs have a clear incentive to ensure that the data is presented accurately (as is the case currently for TNSPs and the annual Transmission Network Service Providers Electricity Performance Report). A statutory declaration by Directors seems therefore unnecessary, particularly as audited data will be provided in May. Transend suggests that the requirement for a statutory declaration be removed and for the AER to accept that NSPs will provide the February 2014 RIN data in good faith.

If you have any queries regarding this matter, please contact Bess Clark on (03) 6274 3909 or by email to Bess.Clark@transend.com.au

Yours sincerely

A handwritten signature in black ink that reads "Bess Clark". The signature is written in a cursive style with a large, stylized initial "B".

Bess Clark
Executive Manager Corporate Strategy and Compliance