

EDPR 2026-31

Benchmarking & Opex Panel Meeting

Summary Notes for Meeting on Pre-Offsite #3

Details	Members	AusNet Staff
11am Friday 9 August 2024 **Online (MS Teams)** **Chair:** Charlotte Eddy **Secretariat:** AusNet	Mark Grenning Kieran Donoghue **Apologies**: Nil	**AusNet Staff:** Charlotte Eddy Lucy Holder Rob Ball Astro Sakalis Milana Lendeczki **Observers:** Nil

Agenda

1. **Where we are on the Benchmarking & Opex workstream |** Outcomes from the work stream to date
2. **Technical deep dive**
3. **Offsite #3 Briefing |** Agenda & how to prepare

Summary

Topics	Discussion points
Welcome	Lucy opened the session.
01 Where we are on Benchmarking & Opex	Rob and Astro spoke through where the Benchmarking & Opex workstream is at, noting that these materials had already been sent to Mark and Kieran prior to the meeting for feedback and review. **Discussion included:** • Update Slide 6 to caveat second point, to record difference on productivity factor adjustment • The challenge engaging with the AER on the nuance of opex costs, particularly from extreme weather events and on reliability vs resilience opex. Noting this links into other workstreams. A panel member said they assume ex-post opex are generally considered one-off so should be excluded from the benchmarking. AusNet confirmed they're in. The panel members said if ex-ante opex to better prepare for storms is included and ex-post isn't in benchmarking, it could create perverse incentives in favour of ex-post opex. Clarifying that AusNet's been funded for BAU opex but not for major event days, noting natural disasters are a cost pass-through. Panel member noted guidance from government would be desirable on how networks should account for BAU vs resilience opex.

02 Technical deep dive	Rob and Milana spoke through the AusNet's processes for managing the following in the proposal at the request of Mark and Kieran to better understand this analysis: • Worst Served Feeder benefits calculations • NPVs & BCRs • Cost estimates They answered extensive questions to build the panel members' understanding of AusNet's engineering processes, including: • The panel members asked further questions on the probabilistic methodology used by AusNet for this analysis. Milana explained the techno-economic assessment in detail and the steps undertaken to calculate the economic cost of poor performance on each feeder. • Additionally, the panel members were walked through how the Cost Benefit analysis was undertaken, and how the calculation comes together. A question was asked in regards to how the benefits were calculated, Milana explained that the benefits are associated with reduced unserved energy caused by the outages for each option. They represent the value of unserved energy avoided when compared with the business-as-usual base case. To obtain the present value of an option's benefit, the difference in unserved energy between the business-as-usual base case and an option for each year (measured in kWh) is multiplied by the VCR and the product is discounted to its present value. • Rob discussed how AusNet primarily uses NPV analysis to assess options and identify the preferred solution, whilst stating that the BCR is still a useful tool for measuring benefits achieved for each dollar of investment. • In regards to cost estimates it was noted the AER will assess the robustness of AusNet's methodology, where in previous resets AusNet have provided detailed data on actual vs P50 estimated costs across a large sample of projects, to demonstrate robustness.
03 Offsite Pre-Briefing	This was taken as read, given Mark and Kieran have heard these details in other meetings.

Action items

	Action	Assigned to	Status	Due
1	Update Slide 6 to caveat second point, to record difference on productivity factor adjustment	AusNet	Complete	Offsite #3