30 November 2023

Ausgrid's 2024-29 Revised Proposal

Attachment 10.1: Service Classification

Empowering communities for a resilient, affordable and net-zero future.

Ausgrid

Contents

1. Introduction

This document outlines Ausgrid's proposed approach to service classification. **Section 2** is a response to the Australian Energy Regulator's (**AER**) Draft Decision. It provides drafting and justification on our proposed amendments to Ausgrid's service classification list as prepared by the AER in its Final Framework and Approach (**F&A**) for Ausgrid, Endeavour Energy and Essential Energy.[1]

The AER is required to set out the classification of distribution services in the Final F&A.[2] It may only change the classification from the Final F&A if it considers there to be a material change in circumstances (**MCIC**) that justifies departing from that proposed classification.[3] While the phrase MCIC is not defined in the National Electricity Rules (**NER**), we interpret it as any change that is material to the application of rules and criteria governing Ausgrid's service classification including the form of regulation factors, and the related factors in rule 6.2 of the NER.

Section 2 identifies areas where we believe a MCIC has occurred, warranting a change to the service classification. The proposed amendments to service classification relate to metering services, future energy services, including leasing out spare capacity in batteries and essential system services, and data services. For each amendment we have previously consulted extensively with customers and stakeholders as part of the F&A process, or highlighted it as a potential area where reform is imminent.

Section 3 of this document is distinct from **Section 2** as it outlines a more proactive approach to the service classification regulatory framework (and associated evolving of ring fencing). It seeks to address our Voice of Community (**VoC**) Panel's number one recommendation to us, which was to advocate for reform so that networks can participate in the transition to net zero. This has prompted us to go than **Section 2**, which is confined to the Initial Proposal and Draft Decision, in proposing amendments to the broader service classification and ring-fencing framework to accommodate the energy transition..

We have included this section because once the AER makes its Final Determination in April 2024, the service classification list will be set for five years. If the NSW Government wishes to give effect to some aspects of the NSW Government's response to the Electricity Supply and Reliability Check Up (**Check up Report**) and 2023 budget commitments, amongst other policies that are elaborated on in **Section 3.1** and **Attachment A:** Summary of key policy developments since we lodged our Initial Proposal, DNSPs such as Ausgrid will need freedom to take on a greater role.

[1] AER (2022). Final F&A for Ausgrid, Endeavour Energy and Essential Energy.
[2] NER, cl. 6.8.1(b)(2).
[3] NER,cl. 6.12.3(b)

The Check up Report in particular signals that distribution network service providers (**DNSPs**) will play a greater the transition to net zero and supporting customers' desire for more customer energy resources (**CER**).[4] For example, the NSW Government commits to:

- **Recommendation 29**: 'identify[ing] the areas of the existing network with opportunities to connect more generation projects;"
- **Recommendation 31**: "ensur[ing] technical standards for CER and set targets for uptake of technologies such as smart meters and distributed batteries;" and
- **Recommendation 33**: "investment mandat[ing] … the proposed Energy Security Corporation (ESC) include CER optimisation projects on the distribution grid."

[4] NSW Government (2023). Electricity Supply and Reliability Check Up: NSW Government Response.

2. Draft Decision Response

The Draft Decision acknowledges the potential need to deviate from the service classification set out in the Final F&A. Although no changes are made in the Draft Decision, the AER notes that there has been a MCIC since the Final F&A (at least in relation to metering services), and that changes may be required to address this in its final decision. The Draft Decision notes that the AER will work with Ausgrid to assess potential changes to the service classification to account for these changing circumstances.[5]

We propose the AER revise its Final F&A to set Ausgrid's service classification list for the 2024-29 period on the basis that a MCIC has occurred for metering, future energy and data services.

As outlined in more detail in **Section 3.2** below, there have been significant policy and regulatory developments since our Initial Proposal, including:

- The Australian Energy Market Commission's (**AEMC**) Metering Framework Review Final Decision (**Metering Review**);
- The AEMC's CER Technical Standards Final Decision (**CER Technical Standards Review**);
- The Australian Energy Market Operator's (**AEMO**) 2023 Electricity Statement of Opportunities (**ESOO**);
- The Check up Report;
- The NSW Government's 2023 Budget Commitments; and
- The NSW Government's *Climate Change (Net Zero Future) Bill 2023*[6].

The rapid policy and regulatory changes and government positions have evolved quickly since submitting our Initial Proposal in January 2023. We expect this pace of change to continue into 2024 as the NSW Government implements recommendations from the Check Up Report and 2023 election and budget commitments.

Figure 2.1 summarises the our proposed changes to service classification and proposed amendments to our service classification list to address this MCIC (updates in blue text). **Sections 2.1 – 2.3** provide the detailed justification for why we recommend that the AER reclassify our service classification list for the 2024-29 period and why a MCIC has been triggered.

[5] AER Draft Decision, Attachment 13: Classification of Services, p 9.
[6] At the time of drafting it was still a Bill waiting to be debated in NSW Parliament.

Figure 2.1: Proposed service classification list update since Initial Proposal

Issue		AER Draft Decision	Proposed Classification	High level response	Proposed Classified Service List Drafting (amendments in blue text)	Rationale
Metering Services	Classification of **legacy metering services (Type 5 & 6 meters)**	ACS	ACS	Accept	~~**Other m**~~**Metering services for Type 5 to 6 metering installations and legacy meters** Activities include: • recovery of the capital cost of type 5 and 6 metering equipment installed prior to 1 December 2017 • meter maintenance covers works to inspect, test, alter, maintain and repair • meter reading refers to quarterly or other regular reading of metering installations including field visits and remotely read meters • works to re-seal a type 5 or 6 meter due to customer or third party action (e.g. by having electrical work done on site) • change distributor load control relay channel on request that is not a part of the initial load control installation, nor part of standard asset maintenance or replacement • the processing and delivery of metering data for type 5 and 6 metering installations. • services related to legacy meter replacement, such as shared fuses and outages	The AEMC's final decision and associated rule change request recommends increased DNSP involvement in metering installations and site remediation, particularly in multi-occupancy sites and remote/regional areas.[7] The AER considers this represents a MCIC that warrants a change to the F&A. Our proposed changes to the service classification reflect the recommendations of the AEMC's Final Decision and associated rule change request. These changes are required to allow us to increase our involvement in metering installations and site remediation, particularly in multi-occupancy sites and remote/retional areas. Our proposed approach provides flexibility, depending on the final approach for implementation of the AEMC's Final Decision by the AEMC and NSW Government.
	Addressing AEMC review uncertainties (site remediations and installations)	NA – not contemplated	SCS/ACS	New to provide optionality depending on final regulatory direction.	**Advanced metering acceleration services** Subject to AER confirmation of new obligations, activities requested by state policies or under the National Electricity Rules to carry out work to accelerate the advanced metering roll out	
	Access permits,	ACS	ACS	Minor change	Activities include:	

[7] AEMC (2023), Final Report: Review of the regulatory framework for metering services. P 69-70.

Issue		AER Draft Decision	Proposed Classification	High level response	Proposed Classified Service List Drafting (amendments in blue text)	Rationale
	oversight and facilitation			required to ACS drafting	• a distributor issuing access permits or clearances to work to a person authorised to work on or near distribution systems including high and low voltage. • a distributor issuing confined space entry permits and associated safe entry equipment to a person authorised to enter a confined space. • a distributor providing access to switch rooms, substations and the like to a non-Local Network Service Party who is accompanied and supervised by a distributor's staff member. May also include a distributor providing safe entry equipment (fall-arrest) to enter difficult access areas and access to electrical installations secured by a DNSP master lock. • specialist services (which may involve design related activities and oversight/inspections of works) where the design or construction is non-standard, technically complex or environmentally sensitive and any enquiries related to distributor assets. • facilitation of generator connection and operation of the network. • facilitation of activities within clearances of distributor's assets, including physical and electrical isolation of assets.	Further detail supporting our proposed approach is provided in **Section 2.1**.
	Additional other legacy metering services (site remediation and installations)	Unregulated distribution service – Not classified	Unregulated distribution service – Not classified	Minor change required to unregulated distribution services drafting.	**Contestable metering support ~~roles~~ services** Includes metering installer, site remediator, metering coordinator (except where the distributor is the initial metering coordinator), metering data provider and metering provider for meters installed or replaced after 1 December 2017.	

Issue		AER Draft Decision	Proposed Classification	High level response	Proposed Classified Service List Drafting (amendments in blue text)	Rationale
Future Energy Services	**Leasing out spare capacity in batteries**	No decision	Unregulated distribution service – not classified	Minor change required to unregulated distribution services drafting	**Distribution asset rental** Includes: • Rental of distribution assets to third parties (e.g. office space rental, pole and duct rental for changing telecommunication wires, EV chargers, etc.). • Leasing of excess battery capacity* *Subject to jurisdictional policy or AER confirmation	Since the Final F&A was published there have been material changes to the policy and regulatory landscape as it relates to leasing out spare capacity in batteries, electric vehicle charging infrastructure and essential system services. Our proposed approach is consistent with the treatment of other unregulated distribution services. Further detail supporting our proposed approach is provided in **Section 2.2**.
	Electric vehicle charging infrastructure	NA – not included in Regulatory Proposal				
	Essential system services	Unregulated – Not classified	Unregulated distribution service – Not classified	New drafting	**AEMO requested Essential system services** Contestable system support services, such as: • Reliability and Emergency Reserve Trader (RERT), Operating Reserve, and System Restart as requested by the system operator • Frequency Control Ancillary Services (FCAS) through the use of network batteries and dynamic voltage management systems (DVMS); • System strength and Inertia; • Other services requested by the system operator	
Data Services	**Standard data services**	NA – not included in Regulatory Proposal`	SCS	Additional text	**Common distribution services** The suite of activities that includes, but is not limited, to the following: … • provision of frequently requested, standardised data sets and/or data that is provided in accordance with obligations under the Rules	Our role as an owner and provider of data is evolving as part of the energy transition. There are ongoing reforms related to network visibility where networks obligations are likely to expand as data sharing frameworks are established and refined during the 2024-29 period. The recommendations from the AEMC's Metering Review constitute a MCIC that warrants amendments to the Final F&A. Our proposed amendments to the service definitions provide
	Non-standard customer or third party requested data services	NA/ACS	ACS	Amendments to reflect	~~Customer~~ **Requested** ~~provision of~~ **electricity network data** Activities include: • Data requests by customers or third parties ~~including~~ for the provision of ~~electricity network~~ data or consumption data ~~outside of legislative obligations~~ beyond standardised data sets or	

Issue		AER Draft Decision	Proposed Classification	High level response	Proposed Classified Service List Drafting (amendments in blue text)	Rationale
					obligations under the Rules. • Additional services related to network data requests, including provision of advice and interpretation	greater clarity on what types of data services DNSPs are able to charge customers for, consistent with the policy intent of the AEMC's Metering Review. Further detail supporting our proposed approach is provided in **Section 2.3**.

2.1 Metering Services

As noted in the AER's Draft Decision[8], the AEMC's Metering Review represents a MCIC that warrants a change to the F&A:

We consider the AEMC's final decision constitutes a material change in circumstances, which justifies departure from the classification of legacy meter services in the F&A. However, due to the proximity of the release of our draft decision, we have not had the opportunity to fully incorporate the findings into this decision.[9]

We agree that changes to the metering service classifications are necessary to reflect the recommendations of the AEMC's Metering Review and the associated likelihood of rule changes and or actions by the NSW Government. We note in particular:

- The AEMC has recommended various changes to the NER to support and accelerated rollout of smart meters, with DNSPs to have an important role in planning and facilitating this rollout. The AEMC is currently considering a proposal for specific rule changes to give effect to its recommendations.
- The AEMC also identified actions that could be taken by State Governments, in particular to address site remediation issues in a more effective and equitable manner. These include a review of jurisdictional regulatory arrangements to identify and implement measures that could reduce the need for and cost of site remediation.

As set out in **Figure 2.1** above, we are proposing two changes to service descriptions, and the inclusion of a new service for 'advanced metering acceleration services' to reflect the recommendations of the AEMC's Metering Review. These changes are necessary for us to increase our involvement in smart metering installations and site remediation, particularly in multi-occupancy sites and remote/regional areas, as recommended by the AEMC's Metering Review and associated rule change request.[10] This change to the service classification will also ensure that the AER has appropriate regulatory oversight of these services.

Our proposed changes to service classification for metering services provides flexibility, given the uncertainty of the final approach to implementing the AEMC's Final Decision by the AEMC and NSW Government. This proposed approach will be subject to the AER's confirmation of obligations to ensure Ausgrid's service classification aligns with the final approach.

2.1.1 Metering services for Type 5 to 6 metering installations and legacy meters

In its Final Report, the AEMC considered that there is likely to be a need for jurisdictional intervention to assist the smart meter rollout, with an option to increase DNSP involvement in smart metering installations and site remediation, particularly in difficult to access, and remote and regional areas.[11] Without DNSPs participation, it is likely that that remote access issues and site defects could inhibit the roll-out of smart metering.

[8] AER (2023), Ausgrid Electricity Distribution Determination 2024 to 2029 – Attachment 13: Classification of services, pg 7.
[9] AER (2023), Ausgrid Electricity Distribution Determination 2024 to 2029 – Attachment 20: Metering services, pg 7.
[10] A rule change request was submitted to the AEMC on 29 September 2023 to implement the AEMC's Metering Review Final Decision recommendations. The AEMC had not initiated this rule change request at the time of submission.
[11] AEMC, Final Report – Review of the regulatory framework for metering services, August 2023, pp. 69-70.

We consider that minor amendments are necesary to existing service descriptions to reflect the AEMC's recommendations and associated rule change request and allow for greater DNSP involvement to assist the smart meter rollout:

- DNSP involvement in smart metering installations and site remediation fits well within the existing "contestable metering support roles" grouping, which is listed as an unregulated distribution service, and not classified. We propose minor changes to the drafting of the definition of this service to clarify the roles DNSPs could have in smart metering installations and site remediations; and
- Other services provided in relation to type 5 and 6 metering[12] maintain the classification of Alternative Control. These services are requested by customers or their representatives and the costs of providing the service are directly attributable to the person to whom the service is provided.[13] As a result, maintaining a classification of Alternative Control for these services is warranted. We are proposing the inclusion of an additional bullet point in the definition of this service to clarify the role the DNSP has in legacy meter replacement.

2.1.2 Advanced metering acceleration services

DNSPs may also have additional roles to perform in the accelerated rollout of smart metering beyond those listed in section 2.1.1. Specifically, the AEMC recommend jurisdictions consider measures to support customers, including financial support as well as changes that could be made to reduce or optimise remediation works.[14] These measures could include direct funding, a rebate scheme, or requiring DNSPs to undertake site remediation as part of the smart meter roll-out under a standard control framework, similar to the Victorian model.

a. Site remediation services

Pursuant to the AEMC's recommendations, we consider it is likely that the NSW Government will impose a requirement on DNSPs to provide site remediation services in certain circumstances. Where this is the case, this service should be classified as a direct control service. Classification as a direct control service would mean that Ausgrid is able to provide the service, and its provision of the service would be subject to regulated control mechanisms.

We have proposed that the service be defined so that it requires an obligation either under the NER or jurisdictional frameworks for it to be active.

As such, we are proposing to include a new service named 'advanced metering acceleration services' to be classified as a direct control service and further classified as standard control or alternative control services. The proposed service definition reflects the uncertainty around additional DNSP roles with regard to the accelerated rollout of smart metering. This is also subject to AER confirmation that a change has been triggered.

b. Accessing locked meters

We recommend amendments to the existing 'access permits, oversight and facilitation' service which enable NSW DNSPs to provide an access service for electrical installations secured by

[12] Including works to re-seal a type 5 or 6 meter due to customer or third party action; and change distributor load control relay channel on request that is not a part of the initial load control installation, nor part of standard asset maintenance or replacement.
[13] NER cl. 6.2.2(c)(5)
[14] AEMC (2023), Final Report – Review of the regulatory framework for metering services, pg. 69-70.

DNSP master locks. We consider this clarification can be made as a MCIC arising from the AEMC's Metering Review Final Report.

In NSW, customers are only permitted to secure their electricity meters with authorised industry master locks in order to provide NSW DNSPs with secure access to them. For example, this applies to residential gates and fences, or secured common areas in the case of multi-occpuancy sites where meters are located behind them.[15]

The AEMC's Metering Review Final Report identified that the accelerated smart meter rollout could be impeded by Metering Providers being restricted from accessing sites secured by a DNSP locking system. The AEMC noted the NSW regulatory requirements prevent NSW DNSPs from sharing the industry master key with third parties including metering providers.[16]

The AEMC acknowledged that removing the constraint on DNSPs issuing keys would support the smart meter deployment by reducing delays in meter replacements and improving customer experience. However, providing Metering Providers access to DNSP locking systems can only be achieved through a change to NSW jurisdictional legislation.

Historically, access to meters secured by DNSP locks has not been a material issue for installers. This is because meter churns have typically been initiated by customers. However, under the AEMC's meter acceleration reforms, Metering Providers will be required to attempt to replace all meters retired in accordance with the relevant AER approved legacy meter retirement plan and customers will not be able to opt-out of such replacements. As such, we anticipate that metering providers will increasingly need to rely on NSW DNSPs to provide them with access to the meter during the 2024-29 period.

c. Other services to accelerate the smart meter rollout

We also propose amendments to the existing 'contestable metering support' service. This is to provide clarity around the scope of unregulated distribution services that DNSPs may provide to support an accelerated rollout.

Providing clarity to stakeholders that DNSPs can participate in work to accelerate the smart meter rollout, when and if called upon by the Financially Responsible Market Participant (**FRMP**), would provide certainty and align with the recommendations of the AEMC's final report. We consider this clarification should be provided to address the MCIC arising from the AEMC's final report.

[15] NSW Service and Installation Rules Rule 1.17.6
[16] AEMC (2023), Final Report – Review of the regulatory framework for metering services, pg.99.

2.2 Future Energy services

2.2.1 Clarify leasing of excess battery capacity as a distribution service and leave it as not classified

The Final F&A does not provide clarity regarding the leasing of excess battery capacity.[17] We remain of the view that the market would be better served if the final decision was to provide clarity that the leasing of excess network-owned battery capacity to third parties is a distribution service which is not classified on the basis that:

- A MCIC since the final F&A triggers the need for a change in classification approach;
- Stakeholders value clarity regarding the regulatory treatment of distribution services; and
- Providing this clarity would be consistent with the treatment of other unregulated distribution services.[18]

a. Material change in circumstances

The NSW Government's Cabinet-endorsed response accepting recommendation 31 in the Check Up Report to set targets for distributed batteries[19], highlights the potential that the NSW Government will require DNSPs to play an expanded role in delivering community batteries. As such, implementing the Check Up Report recommendations may trigger a MCIC relating to the provision of this service.

We therefore recommend that the AER allow for drafting in the service classification to clarify that NSW DNSPs can offer leasing of spare capacity in community batteries as an unregulated distribution service, consistent with the NSW Government policy.

b. Stakeholders value clarification with respect to service classification

We recommend that the AER provide clarification to ensure the consistent treatment of distribution services both within and across jurisdictions.

Leasing services provided using network-owned batteries fit the description of a 'service provided by, or in connection with a distribution systen' and appropriate clarification should be provided on its classification. While we agree that a distribution service which is "not classified" is not a formal classification[20], making that distinction, and listing the service as a "unregulated" distribution service in the AER's classification of services list, provides market clarity and allows the benefits discussed below to flow through to customers.

2.2.2 Clarify leasing of property or asset capacity for EV charging infrastructure is an unclassified distribution service

At the time of the F&A, DNSPs were uncertain of how a range of new services, including Electric Vehicle (**EV**) charging infrastructure (**EVCI**), would develop in the future. As such, we

[17] AER, Framework and approach Ausgrid, Endeavour Energy and Essential Energy (New South Wales), Final, July 2022, p.19.
[18] See NER cl. 6.2.3A(3), AER, Electricity Distribution Service Classification Guideline – Final, September 2018, p. 10.
[19] NSW Government, Office of Energy and Climate Change, Electricity supply and reliability check up - NSW Government response, September 2023, p. 14.
[20] AER, Framework and approach Ausgrid, Endeavour Energy and Essential Energy (New South Wales), Final, July 2022, p.19.

did not request changes to the service classification of DNSP-led provision of EVCI. Since then the market for EVs and the need for charging infrastructure has continued to mature. DNSPs have partnered with private operators of EV charging systems to host a small number of EV chargers on network assets.

The 'distribution asset rental' service, where space is provided on the asset in return for a rental fee, is consistent with the current model for hosting EV charging facilities on network assets. On this basis, DNSPs have not been required to seek waivers[21] to rent out space to provide EVCI, particularly as charging facilities to date have been installed as part of trials.

As demand for EVs and access to public EVCI continues to grow, and different charging models are developed, we consider it would provide clarity to stakeholders if the service classification clarified DNSPs' role in hosting EV charging on network assets. We propose including EV chargers in the examples provided as part of distribution asset rental. We understand that the example activities provided under service classification descriptions are not exhaustive[22], however, given the range of EV charging models being developed consider the distinction would provide much needed clarity for stakeholders.

2.2.3 Classify 'essential system services' as a distribution service and leave as unclassified

Australia has one of the highest penetrations of inverter-based resources worldwide. The rapid transition away from synchronous generation presents new and previously unobserved operational conditions which need to be managed to ensure the power system remains reliable and secure. Essential system services are important technical services provided to the NEM to manage the reliability and security of the power system. They fall under the range of billable services the AER considered in the final F&A, and include:

- Reliability and Emergency Reserve Trade (**RERT**) services, Operating Reserve and System Restart utilising voltage management capabilities;
- Frequency control ancillary services (**FCAS**) through the use of network batteries and dynamic voltage management systems (**DVMS**); and
- System strength and inertia which would require investment in synchronised condensers.

The AER's Draft Decision did not classify essential system services (also referred to as 'system support services') noting that it will instead consider it further as a MCIC if required.[23]

We consider that customers would benefit from clarifying the role of DNSPs in offering essential system services. This could be done through the classification of essential system services (all or a subset of those listed above) as a distribution service which is then left unclassified, on the basis that:

- A MCIC since the final F&A triggers the need for a change in classification approach; and
- Stakeholders value clarity regarding the regulatory treatment of distribution services.

22 AER, Explanatory statement, Electricity Distribution Service Classification Guideline, Final, September 2018, p. 21.
23 AER, Framework and approach Ausgrid, Endeavour Energy and Essential Energy (New South Wales), Final, July 2022, pp. 1, 22-23.

As set out in **Figure 2.1**, we are proposing the inclusion of a new service 'AEMO requested Essential system services' as an unregulated distribution service.

At the time of drafting, the Victorian DNSPs' request for a new framework and approach was not available online. However, Ausgrid would welcome the opportunity to consider their proposals for Essential System Services for the NSW Service Classification List. This will enable more aligned service classification lists across the NEM and ensure common understanding and application of essential system services.

a. Material change in circumstances

The NSW Government's cabinet-endorsed response accepting recommendation 29 in the Check Up Report to connect more generation to distribution networks, highlights the potential that the NSW Government will require DNSPs to play an expanded role in delivering essential system support services. As such, implementing the Check Up Report recommendations may trigger a MCIC relating to the provision of this service.

We also note that since the final F&A was published, the 2023 AEMO ESOO identified that the need for these types of essential system support services is likely to increase as the energy market transitions away from dispatchable generation from fossil fuels. Without sufficient levels of essential system services support there will likely be more frequent system outages and high-cost interventions by AEMO at a greater cost to customers.[24]

The AER has also recognised the need for DNSPs to participate in this market, to ensure that AEMO has access to these essential system strength services, by providing a class waiver for the provision of RERT services.[25] Further, the AEMO letter, requesting that the AER "urgently consider a long-term class waiver"[26] to allow DNSPs to participate in this market, indicates the need for these types of services to support reliability of supply and that the market is no longer in its infancy. [27] Continuing to give effect to policy outcomes in an ad-hoc way through waivers is likely to delay DNSP's ability to contribute to a timely energy transition.

b. Stakeholders value clarification with respect to service classification

When provided by distribution networks, essential system services are provided by means of or in connection with the distribution system, meeting the definition of distribution services. It is therefore within the remit of the AER to provide clarification with respect to service classification.

Clarifying that these services are distribution services provides certainty that DNSPs can be requested to provide these services in the contestable market as an unregulated distribution service when required. We are proposing that the AER include a new service for 'AEMO

[24] AEMO notes the importance of this challenge in its 2022 System Strength, Inertia and Network Support and Control Ancillary Services Report where shortfalls are projected: *Significant industry effort is needed to deliver system strength. The scale of work required to deliver the system strength standards set in this report should not be underestimated. AEMO and System Strength Service Providers (SSSP), as well as many other organisations across the Australian electricity sector, will need to apply concentrated effort to obtain the necessary system strength services and ensure power system security for the east coast of Australia.*

[25] AER, Decision - Distribution ring-fencing class waiver for Reliability and Emergency Reserve Trader (RERT) via voltage management, December 2022. & Letter from AEMO, November 2022.

[26] AEMO Letter to the AER, September 2022, p. 1.

[27] AER, Framework and approach Ausgrid, Endeavour Energy and Essential Energy (New South Wales), Final, July 2022, p. 22.

requested essential system services' as an unregulated distribution service and leave as 'not classified'.[28]

c. Network customers can benefit from DNSPs providing essential system services

Customers will benefit from the removal of barriers to DNSPs providing essential system services because it will contribute to system stability and put downward pressure on the cost of essential system services through increased competition. This is because AEMO procures these services on a competitive basis from market participants.

International regulators have recognised the benefits of DNSPs providing essential system services, for example, the UK regulator Ofgem has allowed DNSPs to provide 'balancing services' (referred to as 'CLASS') to their Energy System Operator (**ESO**) since 2016.[29]

2.3 Data services

In its Final F&A, the AER classified "Customer requested provision of electricity network data" as an alternative control service.[30] This classification was appropriate because networks incur costs in the collection, collation and provision of data which are directly attributable to the person to whom the service is provided. However, our role as an owner and provider of data is evolving as part of the energy transition. For example, there are ongoing reforms related to network visibility where network obligations are likely to expand as data sharing frameworks are established and refined during the 2024-29 period. These reforms include:

- Energy Security Board (**ESB**) Benefits of increased visibility of networks work program;[31]
- AER review of future technology platforms;[32] and
- AEMC's Metering Review and associated rule change proposal. [33]

The recommendations from the AEMC's Metering Review indicate that DNSPs will likely receive basic data from smart meters at no direct cost. [34] The policy intent supporting this, and other data reforms, is that DNSPs should not then charge our customers for this data under the existing 'requested electricity network data' alternative control service. As noted above, we believe the AEMC's Metering Review constitutes a MCIC that warrants a change to the F&A. We are proposing amendments to the definition of two services to provide greater clarity on the types of data services chargeable to customers.

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[28] We note that under the Ring-fencing guideline, essential system services would be an "other service". DNSPs would therefore be required to seek a waiver from functional separation obligations. Further, we suggest that system reliability would be supported if a class waiver from functional separation was to outline the nature and description of system support services DNSPs are able to provide.

[29] Ofgem note: *We consider that CLASS is one of the many low cost, low carbon and reliable technologies that will be needed to meet the ESO's future balancing service requirements. Across GB, we believe there is potential to invest in around 3GW of flexible demand reduction through the use of CLASS, which could unlock consumer benefits of up to £1.8bn in net present value (NPV) terms.* Ofgem (2022), Regulatory treatment of Customer Load Active System Services as a balancing service in the RIIO-ED2 price control, pp. 3-4

[30] AER (2022), Framework and approach Ausgrid, Endeavour Energy and Essential Energy (New South Wales), Final, p 65.

[31] ESB (2023) Benefits of increased visibility of networks: Consultation paper

[32] Future technology platforms | Australian Energy Regulator (AER)

[33] AMEC (2023), Final Report – Review of the regulatory framework for metering services.

[34] AMEC (2023), Final Report – Review of the regulatory framework for metering services, p 113.

2.3.1 Provision of standardised network data as part of the common distribution service

Ongoing reforms related to network visibility mean that networks' obligations are expected to expand as data sharing frameworks are established and refined during the 2024-29 period.[35] We consider that where this is the case, and standardised data sets are developed for customer and third-party access, that this data be provided to customers and stakeholders at no charge. To this end, we consider that it would assist stakeholders if provision of frequently requested, standardised data sets and/or data that is provided in accordance with obligations under the Rules, is acknowledged as part of the common distribution service, in the service classification list.

As such, we have proposed the inclusion of an additional bullet point in the description of 'common distribution services' to clarify that standardised data sets provided in accordance with obligations under the Rules falls within the definition of 'common distribution service'.

2.3.2 Non-standard data requests

We continue to observe an expansion in the number of stakeholders that request data from us, and the type of data being requested beyond customers requesting their own consumption data. This includes asset details, voltage reports, network analytics and topography, HV network data and postcode level consumption and export data. These data requests would fall into the category of 'non-standard' data. As the the costs of provision are directly attributable to the person to whom the service is provided, a classification of Alternative Control is appropriate.

Given the distinction between standard and non-standard data made above, we consider that the existing 'customer requested provision of electricity network data' service (classified as ACS) would also benefit from further clarity. We have proposed amendments to the definition of this service to clarify that the service relates to specific customer-initiated requests that involve the provision of data above and beyond standardised data sets or our data obligations under the Rules. The proposed amendments also acknowledge that in some instances data users may also require advice on how to interpret or utilise the data provided so that the costs of doing so can also be recovered from the customer initiating the request, in accordance with the control mechanism.

[35] Potential changes in DNSP requirements to share data are considered in the ESB's Benefits of increased visibility of networks consultation paper: ESB (2023) Benefits of increased visibility of networks: Consultation paper

3. Future regulation – networks as a platform for electrification

This section seeks to respond to our VoC Panel of residential customers' number one recommendation to Ausgrid to:

"advocate and lobby for reform to energy regulations to improve services to customers. The regulations by the Federal government, State government, AEMC (AER) NEM (any regulatory body) are too limiting to allow for Ausgrid to innovate resilience, affordability and to be fair."[36]

There is no direct impact on our proposed expenditure or service offerings for the 2024-29 period in this section of our proposed service classification. However, we include this section to provide further context for our proposal and contribute to the growing public discourse and rapid shift in policy direction for how we achieve an accessible and inclusive transition towards a net zero electried energy future (**Section 3.1**). A future where networks are a true platform for electrication, offering customers an entry into electrification services like electric vehicle charging infrastructure, and distributed renewable energy zones (**REZs**), including community batteries (**Section 3.2**). **Section 3.3** sets out our recommendations for how the AER should address this uncertainty in it's decision on service classification for the 2024-29 period.

3.1 The rate of policy change since our Initial Proposal

The pace of the energy transition is increasing significantly and causing structural shifts in energy markets. Both the Federal Government and NSW Governments have set ambitious renewable energy targets. As recently as October 2023 the NSW Government introduced a new *Climate Change (Net Zero Future) Bill*, which stipules a new target of 50% reduction in net greenhouse gas emissions in NSW by 30 June 2030, from 2005-levels; and reducing greenhouse gas emissions to zero by 30 June 2050. Research undertaken by Net Zero Australia shows that Australia will need to triple the NEM power capacity by 2030 to remain on track to meet the net zero by 2050 targets.[37]

Since we lodged our Initial Proposal in January 2023, a number of reports have been released recommending changes to our operating environment, such as the:

- Emissions being included into the National Electricity Objective (**NEO**)
- AEMC's Metering and CER Technical Standards Reviews;
- The Check Up Report, which recommend additional responsibilities for DNSPs in facilitating the energy transition; and
- New NSW Government budget commitments, for example funding for community batteries and EVCI.

See **Appendix A** for a full summary of key policy developments since we lodged our Inititial Proposal.

[36] VoC Panel (June 2022). Community Panel Report. P4.
[37] Net Zero Australia (2023), Final modelling results

We also note the AER's 2023 Corporate Plan includes a key strategic objective, refreshed in March 2023, for the AER to 'incentivise networks to become platforms for energy services'.[38]

3.2 Why networks should play a role and what we mean by future regulation – networks as a platform for electrification

The ever increasing rate of the energy transition means Ausgrid's role at the centre of the electricity system is, and must continue to, evolve. Decarbonisation will see consumers switch to electricity from gas in their homes, and from internal combustion engine vehicles to EVs for private and public transport. New ways of living and working are leading to new patterns of energy use and customers are expecting a transition that is accessible, and at the lowest sustainable cost.

Our customers are still telling us that they want a faster transition to renewables. As such, we see:

Ausgrid as a platform that will enable an accessible and lowest cost transition

We see opportunities for networks to play a role in the following ways:

- Enabling and accelerating **electrification** by supporting the timely and efficient integration of additional load, providing new energy system services, and demonstrating the value of investing in the distribution network to minimise the whole-of-system cost of the transition;
- Building and operate a fleet of **kerbside electric vehicle chargers** (**EVCI**) in our network area, and distinct from renting out space on our assets to enable EV charging operators as highlighted in **Section 2** above;
- Building, owning and maintain up to ~1.2 GW of 2-4h **community batteries** by 2030; and
- **Delivering distributed REZs** to support customer uptake of CER, and optimising existing network to deliver the energy transition away from centralised energy sources.

These opportunities, and the benefits to customers of DNSPs playing a role are outlined in the following sections.

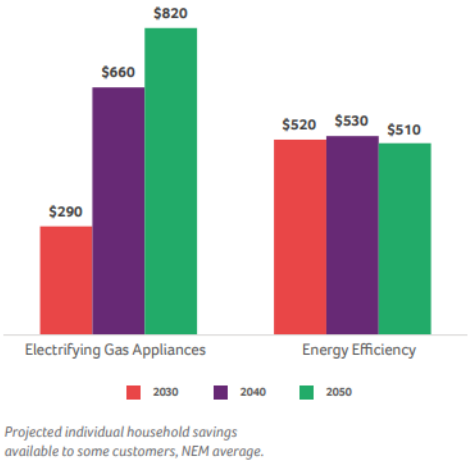
The NSW Government's response to the Check Up Report accepted recommendations for distributed batteries, distributed renewables connections and budget commitments for EVCI. As a result, we are very alive to potential NSW Government policy changes to involve DNSPs in implementing these policies in a manner that is currently inconsistent with the AER's Final F&A.

3.2.1 Networks as a platform for electrification reducing costs to customers

Residential electrification offers a unique opportunity to empower all customers to reduce overall household energy costs. For example, research conducted by CSIRO and commissioned by Energy Consumers Australia (**ECA**) for its 'Stepping Up' Report, found that residential electrification can reduce relative energy costs over time (see **Figure 3.1**). ECA's report estimates the bill savings from electrification of gas appliance for residential customs can be up to $90 a year, and $500 a year from EVs.

[38] ACCC and AER (2023), ACCC and AER Corporate Plan 2023-24, pg. 57

Figure 3.1 Projected individual savings from electrifying gas appliances and energy efficiency in given years[39]



Source: ECA (2023). Step Up Report

We are observing growing consensus on the benefits of, and macro-barriers to, residential electrification. Residential electrification should ideally involve readying households for electrification in a coordinated manner and at the least cost. Along with other electricity networks we have advocated for providing support, including financial, for a coordinated rollout and management of infrastructure required to enable electrification. If managed well, this should lead to a greener and cheaper transition, with the benefits flowing to customers.

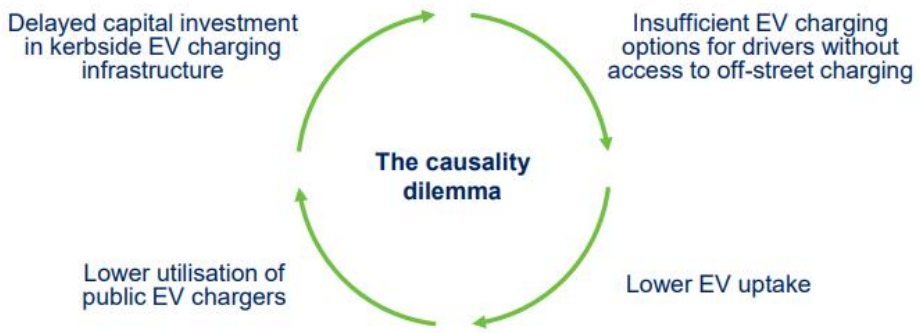
3.2.2 Making public kerbside EVCI accessible for everyone with consumer protections and true choice of retailer

Currently the EVCI market is fragmented in Australia, with limited infrastructure, around a dozen smart phone apps and varied maintenance regimes requiring customers to sign up to multiple providers and make customers price takers if they have no choice but to use a given charger.

Australia has the opportunity to leapfrog other countries and by learning from their approaches to EVCI. Private EV charging operators are price responsive, and only invest when there's an existing need, which impacts lower socio-economic areas or areas where there is a need for high numbers of kerbside charging operators. **Figure 3.2** shows this negative feedback loop.

[39] Energy Consumers Australia (2023), Stepping Up: A smoother pathway to decarbonising homes, pg 13

Figure 3.2 Current EVCI market challenges



Ausgrid sees a significant opportunity for DNSPs to provide public up to 100amp kerbside EVCI using existing network assets such as public lighting and electrical poles to ensure a fair, low cost, efficient and regulated service of accessible public infrastructure that does not lock in a charge site to one retailer/charge point operator. This proposed model would allow DNSPs to own and operate kerbside charging up to 100amps with the ability for customers to bill the charge to their residential or small business retailer. This provides the following benefits:[40]

- Enable the entire retail market to access public kerbside charging infrastructure, creating a new competitive market for the sale of retail electricity through largely public-owned infrastructure; and
- Preserve the current electricity market structures of retail, networks and generation, without exposing customers to a new unregulated market. It also further reduces the risk to Governments by applying existing rules and customer protections to regulate EVCI.[41]

EV charging operators can then continue to focus on the rapid charging infrastructure, with DNSPs delivering non-rapid kerbside charging to the public as a whole. This is particularly important for our customers who do not have access to off-street charging or who live in regional areas.

3.2.3 Accelerating investment in community batteries to support customer CER uptake and improve network security and reliability

Community batteries will continue to play an increasining role in the energy mix. They will facilitate greater accessibility in the energy transition, including for lower socio-economic households, residents of multi-home dwellings and renters. Community batteries:

- Support increased, efficient uptake of rooftop solar;
- Enable an equitable ‘storage as a service’ offer for local customers, regardless if they have solar or rent their property;

[40] We note this model requires a future regulatory state in NSW that creates market rules for roaming national metering identifiers (**NMIs**).

[41] For example, in a lack of reserve event, AEMO could request Ausgrid to curtail ‘x’ amount of demand on our network. We would seek to do this in a way that minimises impact to critical infrastructure and services. However if it were to occur at a time when a large number of EVs were being charged, then we would need the ability to remotely orchestrate that charging to prevent the charging from compounding the lack of reserve event.

- Improve utilisation of existing network capacity; and
- Reduce system cost at scale by offsetting the need for transmission capacity and de-risking the transition.

We have the space available within and alongside existing substations to build, own and maintain up to 1.2GW, 2-4 hour community batteries by 2030. As the infrastructure provider, we can partner with retailers to unlock the full value of community batteries whether through retailers offering customers a storage as a service product, or using the battery to offer value in other markets. DNSPs providing community batteries benefits customers as the asset can be used to provide system support, store customers' energy, and deliver the transition less expensively by co-locating assets. Additionally, DNSPs, alongside generators, are licensed to build, own and operate assets within the NEM, which means existing strict cyber security, safety, reliability and technical standards apply to these assets and they become regulated by default.[42]

We forecast that NSW energy consumers could save billions in the capital cost of the energy transition if community batteries were installed over home batteries. To unlock this benefit requires enhanced investment certainty and the ability to procure batteries at scale, rather than an ad-hoc basis.

3.2.4 Delivering distributed REZs to support customer uptake of CER

Distributed REZs are a new concept still being defined. We understand it to be distinct from transmission REZs that are typically greenfield REZ developments requiring substantial new transmission infrastructure or brownfield REZ developments where there is substantial existing transmission infrastructure.

Distributed REZs are areas within DNSPs' network areas that are viable for new generation projects, supported by distributed batteries and enabling greater CER adoption by customers. Distributed REZs enable Governments to enact their ambitions for more renewable generation using existing network assets, while supporting customers' desire to transition to net zero at least cost.

3.3 What we think should happen

We recommend that the AER work with the NSW Government to ensure its Final Determination provides the Government with the flexibility to efficiently implement its policies during the 2024-29 period, including any required responses from DNSPs.

We note that in relation to:

- **EVCI**: We are proposing that flexibility be provided within the existing regulatory framework for DNSPs to provide EVCI assets, akin to how we provide the poles and wires, but retailers sell the electricity to customer via roaming NMIs. We consider this approach to afford the best existing protections to customers from the existing electricity

[42] When a battery is installed that is more than 5GW, it does not need to be registered with AEMO, and hence is not subject to oversight the same way a network asset is to ensure that it is maintained to a high cyber, safety, reliability and technical standard.

market, without creating new transaction costs from a new unregulated and fragmented market that does not offer consumer protections or choice.

- **Community batteries**: The NSW Government has existing regulation making powers under section 192A of the *Electricity Supply Act 1992 (NSW)* to enable DNSPs to deliver community batteries outside of the national framework.
- **Distributed REZs:** We also consider it likely that the distributed REZs would be enacted under the NSW Government's *Electricity Infrastructure Investment Act 2020* (NSW), and so it is unlikely that the NER's service classification and ring fencing frameworks would apply.

Ultimately, networks are a significant enabler for governments to meet net zero targets and enable customer aims for net zero and climate resilience, while offering customers and governments the security of an existing regulated and licensed framework.

Section 3 seeks to ensure that there is some flexibility for DNSPs to play this enabling role.

While ring fencing serves a purpose, it currently locks networks out of providing services that are increasingly becoming essential to support a lowest cost energy transition. This may create higher costs and harm to customers from exposing them to operators that are unlicensed and unregulated, with no requirements to adhere to regulated pricing principles.

The transition will need to occur in a way that is in the long term interests of consumers and that means least cost, with consumer protections and a user experience that makes the energy transition as accessible to customers as possible. The UK's Ofgem has drawn conclusions that the current reactive, market-led framework is substantially unsuitable to achieve the change needed to achieve net zero, and that it cannot be done without networks. We recommend that the AER consider a similar review to ensure the NEM's framwork remains fit for purpose for the transition.

Appendix A: Summary of key policy developments since we lodged our Initial Proposal

Policy change	Description	Impact of policy change
National framework changes		
Amendment to the NEO	The Emissions Reduction Objectives Bill 2023 was tabled in the South Australian parliament on 14 June 2023 and subsequently passed and assent gazetted. This Act amends the NEO to include the achievement of targets set by a participating jurisdiction for reducing Australia's greenhouse gas emissions (or that are likely to). The AEMC are currently in the process of assessing two rule change requests to harmonise the electricity and gas rules with the emissions objective. Similarly, the AER are in the process of updating several instruments and guidance notes to align their processes and tools with the emissions objective, including the release in September 2023 of the "AER guidance on amended National Energy Objectives"[43]	This is a significant change to the regulatory framework that codifies the need for regulated businesses, policymakers and regulatory bodies to formally consider emissions reductions in carrying out our respective activities. As these changes are occurring in parallel to this determination process it is difficult to fully capture and consider the impacts of this amendment as part of this Revised Proposal. **Attachment 2.1 – Key assumptions and Directors' certification** outlines how we have included a placeholder value for emissions for our capex value framework and CER integration expenditure. However, due to the timing of the reforms, no consideration was given to emissions profiles of factors such as our assets, conncetions, equipment and vehicles.
AEMC Metering Review	At the time of our January proposal the AEMC's review into the contestable metering framework was ongoing. The AEMC's final report (released August 2023) included the following key recommendations:	As noted in section 2.1, the AER considers this represents a material change in circumstances and we have proposed changes to our service classifications to reflect the key recommendations. Further changes to service classification may be required, depending on the final approach for implementation of the AEMC's Final Decision by the AEMC and NSW Government.

[43] https://www.aer.gov.au/communication/aer-releases-guidance-on-amended-national-energy-objectives-0.

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Policy change	Description	Impact of policy change
	• DNSPs will need to develop a Legacy Metering Retirement Plan (LMRP) to be approved by the AER by 31 March 2025; • Retailers will have to comply with the annual LMRP targets on a best endeavours basis; • Customers remain responsible to remediate sites to facilitate meter churns, however they cannot be obligated to do so. Jurisdictional governments should develop financial support measures for remediation work; and • Basic Power Quality (**PQ**) data will be provided free of charge to DNSPs and provided at least daily. Advanced PQ data will continue to be negotiated between parties. It should be noted that a rule change request has been lodged to enact these recommendations and therefore the above is subject to change via the rule change process.	
AEMC CER Technical Standards review	The AEMC made final recommendations in September 2023 to improve compliance with CER technical standards to improve integration of behind-the-meter devices such as rooftop PV, EVs and BESS. Longer term governance reform is required to achieve consistent and enduring compliance with CER technical standards. The AEMC has recommended 10 immediate actions that can can be undertaken by industry, jurisdictions and market bodies, including: • Recommendations to simplify device settings at manufacture and supply; • Recommendations to promote compliant installation, including additional responsibility for DNSPs to verify correct device installation; and	DNSPs will have a critical role in verifying correct CER device installation and supporting ongoing monitoring of compliance with CER technical standards. As the development of national regulatory framework for CER technical standards is further developed, changes to our service classification may be required required to enable DNSPs to clarify and recover the costs of doing so.

Policy change	Description	Impact of policy change
	• Recommendadtions to support ongoing compliance, including additional monitoring of non-compliance. Further recommendations were made for jurisdictions to lead the development of a national regulatory framework for CER technical standards.	
AEMO ESOO	AEMO's 2023 ESOO report provides an updated outlook of supply adequacy in the National Electricity Market over 10 years (to 2023-33). The 2023 ESOO shows that NSW's reliability levels could be affected from 2025-26. The deterioration of reliability forecasts is due to higher forecasts of maximum demand, higher unplanned outage rates, reduced CER orchestration and a reduced contribution from the NSW Peak Demand Reduction Scheme. Reliability can be improved by a greater use of CER in distribution networks.	DNSPs will also have a critical role in providing a platform for the integration and use of CER, as they represent the interface between CER and the broader energy system. As the requirements for CER integration and the Distribution System Operator (DSO) role becomes more defined, further changes to our service classification may be required required to enable DNSPs to provide these services and recover the costs of doing so.
State and Federal government policy reviews		
NSW Electricity Supply and Reliability Check-up	The Check Up Report was released 5 September 2023. Key recommendations in the report included: • Identifying opportunities to increase the pace of decision making for the REZ program; • Identifying additional renewable generation projects that can be developed through small enhancements to the existing distribution and transmission networks; • Revisiting the methodology to recover Roadmap costs; • Prioritising a consumer energy resources (CER) strategy to better integrate CER into the supply mix by 2030; and • Re-considering the exemptions framework to reduce the burden on residential customers. The NSW Government's response to the Check Up Report elaborates that its commitment to prioritise the development of a new CER will "further enable and better integrate the technologies supplied and purchased by households and	We welcome these recommendations and any initiatives that will support the energy transition while maintaining system security and reliability at lowest cost to customers. The NSW Government's response to these recommendations is ongoing and could impact the services we provide and our expenditure requirements. For instance: • The establishment of REZs within our distribution area; • Obligations to met certain technology targets; or • Provide services (such as essential system services – see section 2.2.3). DNSPs will also have a critical role in providing a platform for the integration and use of CER, as they represent the interface between CER and the broader energy system. Further changes to service classification beyond those included in this Revised Proposal, as well as Ring-fencing waivers may be required to enable DNSPs to provide these services and recover the costs of doing so.

Policy change	Description	Impact of policy change
	businesses into the [electricity] supply mix", including small and medium scale solar and batteries, electric vehicle charging and smart appliances. The NSW Government states these technologies "are essential to maintaining a reliable and affordable electricity supply".[44]	
Federal Parliamentary Inquiry into residential electrification	On 14 June 2023 the Senate referred an inquiry into residential electrification to the Senate Economics References Committee for inquiry to report by the last sitting day of 2024. The Inquiry will broadly review Australia's residential electrification efforts to identify opportunities to optimise the cost and speed of the transition.	In our view, DNSPs are uniquely placed to enable and optimise the electrification transition so that it is achieved equitably and at least cost. We provide critical infrastructure, and have the technical expertise, capability and customer relationships necessary to enable electrification to the benefit of all our customers. As a key facilitator and orchestrator of electrification, it is important that our roles as DNSPs, including our services and regulatory framework, also evolve towards the 21st Century electricity system. This will ensure that DNSPs can effectively support the achievement of electrification policy targets at the pace required to meet them. We recognise the many economic, social and environmental benefits that electrification can deliver. Residential electrification offers a unique opportunity to empower all customers to reduce overall household energy costs. For example, research conducted by CSIRO and commissioned by Energy Consumers Australia (ECA) for its 'Stepping Up' report, found that residential electrification can provide annual saving of as much $2,250.[45] We also acknowledge the challenges that exist in delivering the benefits of electrification in a timely, equitable and efficient manner. We agree with the key recommendations from ECA's 'Stepping Up' report.
State and Federal government budgetary commitments		
NSW 2023 Budget programs	The NSW Labor Government released its first budget in September 2023 with a strong focus on accelerating the transition to renewable energy. This includes: • $1bn to establish the Energy Security Corporation (ESC) to invest in storage and firming projects including community batteries and virtual power plants (VPPs);	Additional government investment in renewable energy, EVCI, REZs and community climate resilience may result in a greater role for DNSPs to help deliver these initiatives or integrate them into our distribution network. It is important that our roles as DNSPs, including our services and regulatory framework, also evolve towards the 21st Century electricity system. This will ensure that DNSPs can effectively support the achievement of net zero policy targets at the pace required to meet them.

[44] Office of Energy and Climate Change, "Electricity Supply and Reliability Check Up: NSW Government Response" (September 2023), p 7.
[45] CSIRO link

Policy change	Description	Impact of policy change
	• $804m to boost the State's REZs via the Transmission Acceleration Facility; • $264m towards EVCI; • $121m towards building community climate resilience; and • Several energy rebates for families, seniors, low-income households and businesses to improve energy affordability. In October 2023 the NSW Labor Government introduced the Climate Change (Net Zero Future) Bill 2023 legislating the NSW emissions reductions targets of 50% by 2030 and net zero by 2050 and establishing an independent Net Zero Commission.	
Federal Budget	The Federal Labor Government announced its 2023-24 Budget on 9 May 2023 with several energy related initiatives: • **Energy Savings Plan**: This includes a $1.3bn Household Energy Upgrades Fund, to help finance and support upgrades to improve energy efficiency. • **Hydrogen Headstart**: $2bn of revenue support to competitively tendered hydrogen production contracts targeting a gigawatt of electrolyser by 2030. • **National Net Zero Authority**: Legislating a national Net Zero Authority to support the net zero emissions target. • **Continuation of existing programs**: including the 'Capacity Investment Scheme', and the 'Power the Regions Fund'.	While these initiatives do not directly impact our role as a DNSP, they will lead to new patterns of energy use, potentially impacting on how we operate our network. DNSPs are positioned to accelerate the energy transition by connecting multi gigawatts of renewables and storage to the existing grid. It is important that the services and regulatory framework we operate within evolves to enable us to effectively support the achievement of net zero policy targets at the pace required to meet them.