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Submitted via email: [networksinformation@aer.gov.au](mailto:networksinformation@aer.gov.au)

Dear Kris

### **Network information requirements review – Draft annual information orders**

Essential Energy welcomes the opportunity to respond to the Australian Energy Regulator (AER) on its *Network information requirements review – Draft annual information orders* (the Orders).

We appreciate the commitment made by the AER to consult on such a significant change to information requirements. Positive enhancements have resulted following feedback from stakeholders at the preliminary Orders consultation stage – especially in relation to timing of the introduction of the Orders, safety outcomes reporting, removal of indicative data for Guaranteed Service Levels (GSLs), removal of audit requirement for export services data and the inclusion of Customer Service Incentive Scheme (CSIS) and Export Service Incentive Scheme (ESIS) reporting. Below is our feedback on the CSIS and ESIS reporting requirements of the Orders. Some specific workbook commentary is in **Appendix A**.

#### **Customer Service Incentive Scheme**

The inclusion of the annual data reporting requirements for the CSIS in the Orders will facilitate streamlining, as the requirements can be managed within the already established annual regulatory data reporting process. We also support defining the information requirement by reference to the final distribution determination, rather than including specific data or information requirements.

Section 4.22.3 of the Orders notes that the CSIS information is subject to the assurance requirements set out in section 6 of the Orders - this is further detailed under section 6.1.2 of the Orders, which notes the requirement that "...an auditor or assurance practitioner must opine or attest by reference to the electricity distributor's basis of preparation, prepared in accordance with section 5 of this Order".

This is different to the requirements set out in the AER's *Explanatory Statement Customer Service Incentive Scheme*, which notes that "It is necessary to ensure that the data *may* be audited to ensure the integrity of the scheme. However, the benefits of assurance and costs must be weighed against each other. We have not specified the level or type of assurance. Distributors need to set this out in their incentive designs."<sup>1</sup>

The same issue also arises with the inclusion of data under the ESIS, whereby assurance levels are flexible depending on the incentive design proposed by the distributor, and yet section 4.22.6 requires assurance, and this is further specified (as per CSIS) under section 6.1.2 of the Orders.

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<sup>1</sup> AER, *Explanatory Statement Customer Service Incentive Scheme* – July 2020, p.10

We request that the Orders be amended to reflect that the CSIS and ESIS data requirements do not require formal assurance by an auditor or assurance practitioner. These small-scale incentives schemes could be included in section 6.4 *Exceptions to audit or review requirements*, and relevant adjustments also made to sections 4.22 and 6.1.2 of the Orders.

We look forward to continuing to work collaboratively with the AER on the significant changes in information requirements. We also note the commitment made by the AER to work with network service providers to develop data submission workbooks after the Orders are issued, using the existing RIN workbooks as a starting point to minimise additional workload. We also look forward to engaging on the AER's technology plan for information exchange, which was initiated by the Technology Platforms Review, and has now been incorporated within the AER's overall digital transformation proposal.

If you have any queries regarding this submission, please contact our Network Regulation Manager, Mary-Clare Crowley on [REDACTED] or via [REDACTED].

Yours sincerely

[REDACTED]

Anne Pearson  
Chief Corporate Affairs Officer

| Order reference   | Comments   |
|---|--|
| <b>Data Category 02: Operational Outputs</b>  |  |
| Definitions: Row 107<br>Other outputs – Public Lighting Activities  | <i>Public light replacement - Light replacement costs should be estimated as the replacement of public lighting assets with their modern equivalent, where the public lighting assets have reached the end of their economic life.</i><br><br>What about lights replaced before the end of their economic life? This occurs regularly for the bulk LED Upgrade and where a luminaire fails and cannot be repaired.   |
| Definitions: Row 63<br>Connections  | These definitions don't align to the final framework and approach connection definitions. ANS captures data at service level based on the framework service classifications. Suggest AER needs to align RIN definitions with framework connection service classifications.   |
| Connections: Row 25<br>New connections – excluding standard control services and Row 45 Other connection activities | Can you clarify if this is to capture A) Not classified (customer initiated) and B) Alternative Control (where not contestable for safety/risk reasons).   |
| <b>Data Category 03: Network metrics</b>  |  |
| Definitions: Row 11<br>Network assets – Public lighting services  | <i>Public lighting services - The installation, operation, repair, replacement and maintenance of public lighting whether owned by the NSP or by another party. This also includes alteration and relocation of existing public lighting assets. Public lighting assets include luminaires, brackets, lamps and dedicated public lighting poles (not poles that deliver network services).</i><br><br><ul style="list-style-type: none"> <li>• Why does the definition refer to public lighting owned by another party? We can only do work on an asset we own.</li> <li>• Where would cables and wires be captured? Would they be standard control services or alternative control services – public lighting?</li> </ul> |
| <b>Data Category 05: Service performance</b>  |  |
| Definitions: Row 23<br>Restoration Stage and Interruptions to Supply worksheet                                      | We are unsure of how to calculate this in practice. With the Restoration Stage, we do capture staged switching, but would like more guidance on how to identify the stage numbers in the <i>Interruptions to Supply</i> table. Can you please provide an example of how it will work?  |
| <b>Data Category 06: Operational expenditure</b>  |  |
| Alternative Control: Rows 90-92<br>Fee based services   | Energisation, De-energisation, or Re-energisation - should these be removed and reported under the applicable fee-based service?   |
| <b>Data Category 07: Capital expenditure</b>  |  |
| Alternative Control: Rows 43-44<br>Capex by asset class   | Should this include capital contributions for ANS columns O & P?   |
| Alternative Control: Rows 101-115<br>Capex by asset class   | These refer to CA RIN 4.3.1 and 4.4.1, so not a new information requirement. The expenditure we report for this is opex and there isn't a capex element. Is there a need to include Fee Based Services and Quoted Services in the Capital Expenditure workbook?  |