



31 January 2024

Dr Kris Funston  
Executive General Manager, Networks Regulation  
Australian Energy Regulator

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

Dear Kris,

**Draft Annual Information Orders consultation**

CitiPower, Powercor and United Energy welcome the opportunity to make a further submission on the draft Annual Information Orders (the draft Orders) for distribution.

We thank the Australian Energy Regulator (AER) for their engagement to date, and acknowledge improvements which better allow us to implement the change management processes necessitated by the draft Orders, including a delay to a start date of 1 July 2024, and an extended deadline for the 2024-2025 reporting period.

In responding to the draft Orders we have focused on new, or key outstanding issues and for ease of review, provide these within an appendix with feedback against the workbook areas. We are particularly interested in changes to financial adjustments, and ask that the AER reconsider the use case for this proposed new requirement.

We note that at the time of submission we had engaged with our auditors on the draft Order, and while they had not yet provided any detailed feedback they may do so. We will provide this on their behalf when it is available and apologise for not providing it in time for this response.

We are currently preparing to implement the changes required by the draft Order, including collecting new information where appropriate, we will continue to engage with the Networks information team should we encounter any unexpected challenges in this change process.

Should you have any questions about our submission, please do not hesitate to contact Mulitha De Silva at

[REDACTED] or [REDACTED]

Kind regards,

[REDACTED]

Zahra Crocker  
Regulatory Projects Manager  
**CitiPower, Powercor and United Energy**

## Appendix 1: Workbook consultation feedback

Workbook	Tab	Heading	Feedback or clarification required
03 Network Metrics	Export services	Export capacity requested	We request the AER provide further clarification on the definition of 'small business customer'
04 Customer numbers	Benchmarking	-	The customer definition provided for benchmarking and STPIS are different and will lead to a variance in the total number of customers reported in two sections
05 Service Performance	Interruptions	Interruption to Supply	Restoration Stage (column O)  Due to our outage management systems we are unable to provide staged restoration data for complex multi staged outages. We propose to continue to provide data at a summary level consistent with our previous approach to RIN submissions.
05 Service Performance	Interruptions	Interruption to Supply	Total Customer Minutes off supply (column H) –  We ask that the template allows us to input aggregated customer minutes of supply values as the formula provided by the AER will not work correctly for complex multi stage outages.
05 Service Performance	Interruptions	Interruption to Supply	Effect in unplanned MAIFI (column) –  We are unsure why MAIFI is included as the worksheet is limited to sustained outages.
08 Asset base values	-	-	The definition of gross capex in the AER final determinations is capex incurred and cash rebates paid for gifted assets. If type 2 customer contributions are included in gross capex, then it includes value of gifted assets and rebates paid for gifted assets which does not make sense. Please can the AER clarify the treatment of gifted assets and rebates.
08 Asset base values	-	-	Please can the AER clarify why benchmark asset base uses actual straight-line depreciation? We should only use what we report in the roll forward mode which is forecast straight-line depreciation
Supporting information requirements	-	Regulatory adjustments	The AER are requesting that each adjustment requires a journal entry.  Given the nature of our adjustments this isn't appropriate, for reasons including:

- our regulatory adjustments are not journal entries by nature – we adjust particular cost objects, general ledger accounts in their entirety;
- the AER are not privy to our chart of accounts which would make this information meaningful, especially outside of the distribution businesses;
- we do not have a regulated balance sheet;
- each DNSP will have its' own unique chart of accounts so the information the AER will be collecting will be inconsistent and cannot be compared;
- frequently the journal entries we'd provide would be a debit and credit to the same accounts or one-sided;
- our adjustments can consist of dozens of accounts at a time, i.e. the treatment of software as a service (SaaS). This is challenging as the AER want us to treat this as capex in the draft Order, however accounting standards require this to be opex in statutory accounts;
- another example of a regulatory adjustment consisting of dozens of accounts is community batteries. Only a certain value can go through the RAB, therefore the remaining project needs to be excluded by GL account. We can have dozens of accounts in the project making up the cost, so we'd have to provide all of the credit entries of that adjustment, but are unsure of what we would be expected to provide in terms of the corresponding debit.

Given the complexities in providing the regulatory adjustments, and the lack of a use case for the need for this data we suggest the AER reconsider this change.

Should the AER proceed, we ask for a defined use case to enable us to better understand the need for what will be a challenging and time consuming requirement for us to deliver.

All workbooks - -

There is an ambiguity as to what we consider as actuals and estimated in the templates. We would benefit from further clarity on the definitions for actual and estimated data reported in the draft Order.