



19 August 2024

Mr. Kris Funston
Executive General Manager
Australian Energy Regulator
vnr2024@aer.gov.au

Dear Kris,

Value of network resilience 2024 (draft decision)

CitiPower, Powercor and United Energy welcome the opportunity to provide feedback on the value of network resilience (VNR) as outlined in the draft decision released in July 2024. We appreciate the early progress the Australian Energy Regulator (AER) has made in this area.

It is worth noting that the proposed VNR is lower than the figure that has been identified by Powercor and United Energy customers through our quantitative research on customer values¹. This indicates that the AER's VNR, while being a positive step in delivering value for customers in the face of resilience events, may not fully capture the value customers place on network resilience.

Our engagement with both customers and the Victorian government has indicated there are significant qualitative impacts (beyond direct financial impact) on customers resulting from long duration outages, which is likely a contributing factor to the dissonance between the value communicated from our customers and the AER's proposed VNR.

The review into network resilience undertaken by the Victorian Government makes clear the expectation that distribution networks should reduce both the likelihood and impact of prolonged power outages by making investments in resilience. This includes partnering with communities and local councils, as well as improving communications before and after prolonged power outages. Given this, we suggest the AER exercise caution with regard to applying the VNR deterministically through the regulatory processes.

In the context of significant customer and stakeholder support for resilience initiatives, we are keen to understand how the proposed VNR's ability to deliver value for customers will be assessed.

Key feedback from the earlier issues paper remains:

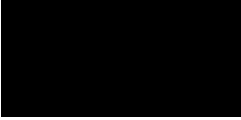
- The VCR multiplier approach does not appear to consider there are additional costs and impacts to communities who experience resilience events beyond the direct financial cost. These include community trauma and cumulative consequential impacts from an extended loss of power.
- The wealth of knowledge from customer and stakeholder engagement to date should be appropriately utilised in pricing determinations.

Thank you for the opportunity to engage on this topic. We look forward to continuing to work with the AER to deliver on tangible resilience investments that are needed to meet our networks' customers' needs and preferences.

¹ [Customer Values Analysis, Forethought 2024](#)

If you have any questions, please contact Genevieve Hart directly on [REDACTED], [REDACTED].

Sincerely,



Brent Cleeve
Head of Regulatory Policy & Compliance
CitiPower, Powercor and United Energy