

19 August 2024

Re: NSW RA Submission to the AER on the Value of Network Resilience

Dear Dr Funston,

The NSW Reconstruction Authority welcomes the opportunity to provide a response to the AER's consultation on the draft Value of Network Resilience decision. This letter sets out the matters the NSW Reconstruction Authority would like the AER to consider as it firms up its future approach to valuing network resilience.

Role of the NSW Reconstruction Authority

The NSW Reconstruction Authority (RA) was established to proactively reduce the impact of future disasters across NSW and to help communities recover from them faster. We undertake critical planning and preparation with communities, businesses and all levels of government to reduce the impact natural disasters have on our lives. When disasters occur, our staff work closely with emergency services and community leaders to understand what local communities will need to recover. Once the immediate threat has eased, we lead recovery efforts in collaboration with community leaders and other recovery partners.

Our CEO fulfills the role of the State Emergency Recovery Controller (SERCON) and directs recovery efforts across government through the State Recovery Committee (SRC).

Acknowledge the AER's Efforts to place a value on resilience

We thank the AER for acknowledging the need for a value to be placed on resilience of energy supply. Whilst we recognise the need for something to be in place in the short term, we anticipate a more comprehensive review will be completed by June 2026 to enable the NSW utilities to have the revised guidance they need in place to prepare for their FY30-34 regulatory submissions. Having this in place by June 2026 will provide them enough time to consider the guidance when developing their solutions.

Place-based Disaster Adaptation Plans can inform the longer term Value of Network Resilience

The NSW Reconstruction Authority has recently consulted on our draft guidelines for development and implementation of Disaster Adaptation Plans (DAPs). A key focus of the process set out in these draft Guidelines, and further work being led by the NSW Reconstruction Authority, is providing an approach to investment prioritisation in infrastructure resilience.

As part of the process of consultation on the draft Guidelines the NSW Reconstruction Authority held discussions with infrastructure organisations to discuss their roles in the DAP process. The importance of network-to-network vulnerabilities, particularly with respect to energy and telecommunications networks (including the implications of second and third order impacts of energy outages) were raised as a key issue to be addressed in the DAP process.

As the DAP program scales up, the NSW Reconstruction Authority will be preparing DAPs for each region across NSW to ensure that the infrastructure in a place works together to provide community resilience outcomes.

We would welcome the opportunity to work with the AER to assist in providing economic evidence for the value of network resilience, to complement the deliberative engagement that the AER may undertake.

To enable NSW Disaster Adaptation Plans, the AER should also review its Network Resilience Guidance Note to ensure they are complementary

Increasingly climate adaptation and associated disaster risk reduction efforts require a systems approach. It's important that the AER's guidance notes enable distributors to play their role in contributing to community outcomes. It is therefore important that national and jurisdictional frameworks are complementary, and that the methodologies established at any and all levels don't become a barrier for DNSPs in contributing to these activities. An example, is the delivery of urban heat programs, where current frameworks prevent distributors from participating in improvements to urban heat outcomes. We'd welcome the opportunity to work with the AER on how the processes and outcomes of the NSW Disaster Adaptation Plans can be enabled through the guidance note, and enable a systems approach to building resilience, potentially including the consideration of wider economic benefits.

Please do not hesitate to contact me on the below contact details if you have any queries.

Sincerely,



Amanda Leck
Head, Adaptation, Mitigation and Reconstruction
NSW Reconstruction Authority