11 April 2023

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

By email: networksinformation@aer.gov.au

Dear Kris,

Preliminary regulatory Information Order (RIO) consultation

CitiPower, Powercor and United Energy welcome the opportunity to share our views with the Australian Energy Regulator (AER) on the preliminary Regulatory Information Order (RIO). We thank the AER for allowing an extension for our submission to this consultation.

We continue to support the review and see benefits to consolidation, removal of redundancies and grouping of like data. We welcome the AER's engagement with industry through this review.

In responding to the preliminary RIO we have developed key messages below. This is followed by an appendix with more detailed feedback specific to the workbooks provided for consultation.

Timeframes for commencement and submission should be extended

<u>RIO reporting should not commence any earlier than 1 July 2024</u>

We welcome the AERs early engagement through the regulation information requirements review and the sharing of the preliminary RIO at the start of 2023. However, this engagement does not negate the need for a more considered transition to new requirements.

The proposed commencement date for the Regulatory Information Order is 1 July 2023, five months before we will have the new instrument. It is unusual, and procedurally challenging to apply a regulatory instrument for which we will not have certainty until *after* the time in which we are required to report. Without sufficient notice it may be impossible to ensure that we are prepared to report on all necessary data in the timeframes proposed.

For example, considering data which is already captured, some reporting is automated. We will need to break existing recording of that data and rebuild it to align with the new workbooks. This may be the case even to align with the grouping of like data together. The work required to rebuild the reporting will take some time, even if the data remains the same.

For new or changed data, sufficient notice will be required to develop the reporting capability, update and approve the necessary processes to be ready to populate, sign off and be audited on these requirements. Implementation of such changes takes time, effort and in some cases system and IT changes.

We believe the AER should delay the start date of the RIO until 1 July 2024 to allow networks sufficient notice to make necessary implementation steps. This will also assist the AER to avoid major discrepancies arising between data sets and being approached for major extensions of reporting timeframes.

<u>The annual response date should be extended to reflect the increasing volume and complexity of requirements</u>

The level of complexity and volume of data reported is increasing as well as the work and effort for our auditors. This can be seen in the interest in export services data across many stakeholders at the State and federal level, and in its' inclusion in the RIO. The existing reporting deadline of 4 months following the end of the reporting period has been increasingly challenging to meet. The introduction of the RIO provides an opportunity to better align the timeframes of the submission period to the significant effort require to collect, populate, sign off and audit the data in the reports.

We strongly support the ENA position that an extension of one month is required for the annual response date taking it to 30 November (5 months after the end of the annual reporting period). We believe date needs to be extended regardless of whether the AER further rationalises' data requirements. Data quality should be of paramount importance for AER and business decision making and this is difficult under a 4 month reporting deadline.

We note the earlier GSL cut off in the Service Performance Workbook 5. While this does not need to be audited, we wish to highlight this will be challenging to comply with given internal reporting timeframes. It would be preferable for a single annual response date at 30 November.

Further reduction is needed in data requirements

We welcome the AER's efforts to reduce the information requested. For example, the removal of mean and standard deviations from network metrics, and system losses data from service performance. However, upon reviewing AER use cases, we believe the AER could go further to scrutinise the data requested given this opportunity. There remains data with 'potential' or 'indirect' uses as well as 'possible future use'.

All reporting costs are ultimately borne by customers. The AER should take this review opportunity to critically assess whether it really requires all the information it seeks to perform its duties and whether the audit requirements remain essential. Scrutiny should also be applied to new requirements without a compelling and present use case. Safety incident reporting data is one such potential new requirement which we suggest requires reconsideration and is explored further below.

Audit and assurance should align with use cases

We welcome the reduction of audit and assurance standards to more closely align with use cases. We support the AER's exclusions of some data from audit requirements, including export services and the GSL indicative data in service performance. We similarly support new requirements not being subject to audit until they have been well established and defined.

Safety incident reporting data should not be included

In Victoria, network safety is the responsibility of the state-based regulator Energy Safe Victoria with similar schemes operating in other jurisdictions. The nature of the requested reporting is ambiguous, suggesting there may be overlap with occupational health and safety regulations and reporting.

While we understand the AER has interest in the safety expenditure of networks, it is not clear that the AER has established a use case for the data. We ask that the AER consider if it is appropriate or necessary to separately collect safety information as an economic regulator. Comparison between networks across jurisdictions will not be suitable or reasonable given the jurisdiction-based differences in requirements such as bushfire requirements and alike.

If the AER is interested in examining safety-based data, we suggest that AER approach state regulators for that information to avoid duplicative or potentially contradictory demands on networks.

Should the AER continue with these categories within the RIO, further work is required to consider and develop fit for purpose reporting that should align with that collected by jurisdictional safety regulators, particularly in the 'safety incidents' and 'number of persons affected' categories. Some issues which require further consideration included data privacy considerations, sufficient clarity of definitions and reporting consistent with existing jurisdictional schemes.

In moving to a RIO consolidation should be maintained over time

As stated in our previous submission, we acknowledge the efficiency improvements being achieved through streamlining of data and consolidation into a single instrument. We ask that the AER continue to pursue the intent of these changes in future and by avoiding the use of ad-hoc RINs which increase the administrative burden on networks and water down the consolidation achieved to date.

Should you have any questions about our submission, please do not hesitate to contact [redacted] at [redacted]

Kind regards,

[redacted]

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

Attachment 1: Workbook consultation feedback

Workbook	Tab	Heading	Feedback or clarification required
02 Operational outputs	Other Outputs	Asset replacement	We request clarification on the unit for Column I and J? is it a volume of assets maintained? If so, where an asset is inspected twice within the reporting period, is this counted as ***two*** inspections, or ***one*** asset that has been inspected?
03 Network Metrics	Asset Metrics	Asset Lives	We request a definition for 'effective service'.
03 Network Metrics	Safety	Safety incidents	We do not support inclusion of the safety category without further work to make it fit for purpose. Please see comments in our key messages above.
04 Customer numbers	Customer numbers	Reporting period	The subcategories in the customers other tab show the reporting period as 30 June – end of year. Does this mean that DNSPs require to report the full year (1 July 2023 to 30 June 2024) or half year?
05 Service performance	Other service measures	Export services	We would like to clarify what is required on "Isolated networks" the definition provided is "An electricity distribution network that is not connected to another electricity network." We are concerned we may be unable to accurately report against this definition. If the export service is not connected to our network we will not necessarily have any knowledge of it existing and will be unable to report export capacity ect.
05 Service performance	Other service measures	Instances where GSL not met – indicative data	We note the earlier submission of indicative data in this category. While this does not need to be audited, we wish to highlight this will be challenging to comply with given internal reporting timeframes. It is administratively burdensome to manage multiple timeframes for different data sets. It would be preferable for a single annual response date at 30 November.
05 Service performance	Interruptions	Interruption to supply	Why do we need the detailed breakdown of restoration of outages? Some outages will be complex and this introduces the possibility of the AER over counting 'customers Interrupted per event' and therefore incorrectly calculating SAIFI. During an event for the purposes of reporting of 'Total Customers Interrupted' we only report the total number of customers once, even though they may go off and on multiple times. We suggest as an alternative that DNSPs provide "Customer Minutes Off Supply" per event which eliminates the need for the AER to manually calculate it using 'Customers Interrupted' and 'Duration'.
08 Asset Base Vales	Multiple		The definition of gross capex in our 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. We ask that the AER clarify the treatment of gifted assets and rebates.

		We ask the AER to clarify why benchmark asset bases and indicative asset base roll forward will be different in Victoria, other than the treatment of gifted assets. We support the removal of reporting Asset lives (currently RIN 3.3.4 Asset lives). We suggest a line could be included for the 5th year of the regulatory period capex adjustment within the reporting of the asset base.
09 Revenue and financial statements	Standard control	We suggest that reporting of DMIS should be included in the 'Revenue rewards and penalties – incentive schemes' section in Standard Control.