

31 March 2023

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

Sent via email: Kris.Funston@aer.gov.au

Dear Dr. Funston,

AER Networks Information Requirements Review – Preliminary Decision

Energy Networks Australia (**ENA**) appreciates the opportunity to respond to the Australian Energy Regulator's (**AER**) preliminary decision for the Networks Information Requirements Review.¹

ENA is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

ENA strongly supports the AER undertaking this review, which should seek to balance the data reporting benefits with reporting burden. As highlighted by the AER, at its core the Network Information Requirements Review project is about driving improvements in the quality of the information about regulated networks that the AER uses and shares.

ENA supports the AER's preliminary position to consolidate the existing suite of Regulatory Information Notices (**RINs**) and information requests into Regulatory Information Orders (**RIO**) issued on each class of participant (regulated distribution networks, regulated transmission networks, and regulated interconnectors)². For this change to be effectively implemented, however, we have included recommendations below for the AER's consideration as the RIOs are further developed.

¹ AER, [Preliminary annual information orders – Explanatory statement](#), 25 January 2023 (and associated preliminary annual information orders).

² With the exception of Power and Water Corporation, which due to its operating environment, will be issued a separate RIN.

Sufficient notice is needed to implement new RIO reporting requirements.

The proposed commencement dates of the first RIO reporting periods are:

- » regulated distribution networks: to commence from 1 July 2023,
- » regulated transmission networks: to commence from 1 April 2023 or 1 July 2023, depending on the regulatory cycle, and
- » regulated interconnectors: to commence from 1 July 2023.

However, under the review's timeframes, the draft RIOs will only be released for consultation by the AER in June 2023, with the AER issuing the final RIOs on regulated businesses in September 2023, up to five months *after* the first reporting period will have commenced under the final RIOs.

To ensure that internal reporting systems and processes are developed and implemented, businesses should have sufficient notice of any reporting requirements prior to their commencement date.

Therefore, ENA strongly recommends that the AER reconsider the proposed RIO commencement date and delay it by one year as follows:

- » regulated distribution networks: recommend commencing from **1 July 2024**,
- » regulated transmission networks: recommend commencing **from 1 April 2024 or 1 July 2024**, depending on the regulatory cycle, and
- » regulated interconnectors: recommend commencing from **1 July 2024**.

Not only will the postponement provide businesses with notice, allowing implement any required internal updates to reporting systems and processes with maximum efficiency, it will also align with the expiry of the current RINs that businesses are currently reporting under.

Extending the RIO annual response date.

The preliminary RIOs for regulated distribution networks and regulated interconnectors include additional annual data requirements such as export service data for distribution networks, and separate vegetation management reporting and capital expenditure by purpose for interconnectors, which then also increases internal data reporting requirements and associated audit requirements.

The preliminary RIOs currently require data to be submitted to the AER four months after the end of the reporting period. However, a one month extension to the submission period will enable distribution network service providers, interconnectors and their associated auditors additional time to collect, review and interrogate data, and also reflects the increasing demands and transformation in the energy sector.

ENA therefore proposes an extension of one month to the annual response date for 'All information required under section 3 or 4 or 5 or 6' **from 31 October** (4 months after the end of the reporting period) **to 30 November** (5 months after the end of the reporting period) for both the regulated distribution network RIO and the regulated interconnector RIO.

Safety incident data needs further consideration.

The preliminary RIOs include new data and information requirements for safety incidents to support performance reporting analysis.

In the national electricity market safety regulation is the responsibility of local safety/technical jurisdictional regulators. The AER should therefore seek to ensure that there is no duplication of data collection or reporting of safety outcomes introduced by new obligations, as this would otherwise duplicate efforts of jurisdictional regulators and unnecessarily increase reporting costs, which are ultimately borne by consumers.

To the extent that the AER is seeking to report common measures between jurisdictions, there should be a strong focus on ensuring that comparable measures are included with an acknowledgment/context of the impact of different operating environments on safety outcomes. There is a need to ensure any comparisons within or across jurisdictions account for differences in the operating environments and risk profiles of networks which are major drivers of differing safety outcomes, for example, greater bushfire risks in rural networks than urban. The difference in definitions of safety incidents across jurisdictional safety regulations would also need to be considered.

ENA acknowledges that the AER and network consumers have an important interest in the prudence and efficiency of networks' expenditure to support network safety. However, substantial work is necessary before any fit for purpose information requirements can be established for network safety incidents.

Development of further expenditure transparency measures.

As per the AER's Incentive Scheme Review Draft Decision, ENA welcomes continued engagement with the AER on developing fit for purpose transparency measures for networks on actual and forecast capital expenditure through the Networks Information Requirements Review.³ These requirements should focus on enabling transparency of explanations of the drivers of capital expenditure outcomes rather than a detailed line by line data collection that cost customers more without commensurate benefit.

Fit for purpose information exchange.

ENA strongly supports the AER's program of work enabling the transition to better information exchange technologies and support the AER's position that the preliminary RIOs should not mandate any specific technology or tool by which the regulated networks must provide information. As new technologies are developed, we encourage strong collaboration with industry to ensure that existing IT platforms,

³ AER, [Review of Incentive Schemes for Network: Draft Decision](#), December 2022, page 34.

systems and capabilities can be accommodated in order to minimise costs on consumers of developing new technology solutions.

We also support further development of an external information access system to facilitate data sharing with all stakeholders. Non-confidential data collected from networks should be made publicly available in an accessible and transparent manner to ensure that stakeholders can best develop and make informed contributions to AER review processes and decision making.

If you wish to discuss any of the matters raised in this response further, please contact [REDACTED], Economic Analyst, on [v \[REDACTED\]](#)

Yours sincerely,

[REDACTED]

Garth Crawford

Acting Chief Executive Officer