

31 March 2020



Mr Warwick Anderson
General Manager
Networks Finance and Reporting
Australian Energy Regulator
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Melbourne VIC 3001

Sent via email: [networkperformancereporting@aer.gov.au](mailto:networkperformancereporting@ aer.gov.au)

Dear Mr Anderson

AER Consultation Paper: *Priorities and objectives for reporting on regulated electricity and gas network performance*

Energy Queensland Limited (EQL) welcomes the opportunity to provide comment to the Australian Energy Regulator (AER) in response to the AER Consultation Paper - *Priorities and objectives for reporting on regulated electricity and gas network performance* (consultation paper).

We acknowledge the proposed priorities and objectives discussed in the consultation paper are high-level and similar to those developed in 2011. In principle, EQL agrees with the proposed amendments and, in our view, with some minor changes, they will:

- be fit for purpose;
- be sufficiently flexible to allow our reporting to evolve alongside the ongoing evolution of the energy sector; and
- appropriately capture the commonalities and/or differences between priorities and objectives for reporting on the performance of electricity and gas network service providers.

Where performance and benchmark reports are developed and used, EQL considers that context should always be provided. This is critical because the use of such reports without context can be problematic. Comparisons should be done on a like-for-like basis or acknowledgement provided when and why this is not the case. Such context avoids incorrect application of the data for decision-making or misinterpretation that may result in poorer outcomes for industry and consumers alike.

For example, historically the AER has often not considered operating environment factors (OEFs), i.e. other cost drivers specific to a distribution network service provider (DNSP) which are not included in the AER's models, when presenting comparisons of DNSPs' results. In its draft decision for the 2020-25 regulatory control period, the AER adopted the highest OEF adjustment for Ergon Energy and the third highest for Energex amongst DNSPs. While we believe this assessment does not accurately capture the full impact of OEFs on our network, it does highlight the significance of these factors for Ergon Energy and Energex. Without the inclusion of OEFs in benchmarking or performance reports, there is the potential that the DNSPs' relative performance and efficiency will be unintentionally misrepresented. As OEFs

significantly differ between DNSPs, all comparisons published by the AER should consider the currently estimated OEFs for each DNSP or, at the very least, contain a clear caution about the significance of OEF adjustments.

As a result, EQL acknowledges the AER’s ongoing development of its benchmarking approach and is encouraged by recent reports, such as the 2018 Annual Benchmarking Report. To ensure this ongoing development continues, we believe this should be a stated priority for the AER. We look forward to continuing to work with the AER to ensure the inclusion of relevant operating context in all its reports and/or models.

To further align, EQL also suggests the AER should consider the addition of a data minimisation objective and reporting consolidation objective as associated priorities, for consistency with other rules. For example:

Objective	Comment
Data minimisation	<p>Consistent with the data minimisation definition adopted by the recently passed Competition and Consumer (Consumer Data Right) Rules 2020, the AER, when collecting data from a DNSP, should seek to collect:</p> <ul style="list-style-type: none"> • no more data than is reasonably needed; and/or • data that does not relate to a longer period than is reasonably needed to discharge its statutory obligations. <p>This includes simplifying and reducing the number of requests for the same information to ensure an appropriate balance is maintained between the costs of collecting and producing the information by DNSPs against overloading and adding value to stakeholders’ understanding and decision-making processes.</p>
Priority	Comment
Reporting consolidation	<p>Identify opportunities for consolidating data requests, particularly the reporting of calculated variables or redundant, rarely used and low value pieces of information to stakeholders. This includes, but is not limited to, the adoption of consistent definitions across all regulatory information notices and orders.</p>

Should you require additional information or wish to discuss any aspect of this submission, please call [REDACTED].

Yours sincerely

[REDACTED]

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