31 May 2023

Part of the Energy Queensland Group

Dr Kris Funston
Executive General Manager – Networks Regulation
Australian Energy Regulator
GPO Box 3131
CANBERRA, ACT, 2601

By email: networksinformation@aer.gov.au

Dear Dr Funston

RE: Preliminary Order – Distribution Networks

Ergon Energy Corporation Limited (Ergon Energy) and Energex Limited (Energex), welcome the opportunity provided by the Australian Energy Regulator (AER) to make comment on its Preliminary Annual Information Orders which apply to electricity transmission, interconnector and distribution networks.

This submission is made specifically on the Preliminary Order for Distribution Networks (preliminary Order) by Ergon Energy and Energex in their capacity as distribution network service providers (DNSPs) in Queensland.

Should you require additional information or wish to discuss any aspect of this submission please contact me or [redacted] on [redacted]

Yours sincerely

[redacted]

Alena Chrismas
Acting Regulation Manager
Telephone: [redacted]
Email: [redacted]

Encl: Ergon Energy and Energex response to the AER Preliminary Order_31 March 2023

Ergon Energy's and Energex's submission to the Australian Energy Regulator

Preliminary Regulatory Information Order for Distribution Networks

31 March 2023

ERGON ENERGY NETWORK | energex

Part of Energy Queensland

AER Preliminary Order for Distribution Networks

ABOUT ERGON ENERGY

Ergon Energy Corporation Limited (Ergon Energy) is part of the Energy Queensland Group and manages an electricity distribution network which supplies electricity to more than 740,000 customers. Ergon Energy's vast operating area covers over one million square kilometres – around 97 per cent of the state of Queensland – from the expanding coastal and rural population centres to the remote communities of outback Queensland and the Torres Strait.

It's electricity network consists of approximately 178,000 kilometres of powerlines and 1.7 million power poles. Ergon Energy also owns and operates 33 stand-alone power stations that provide supply to isolated communities across Queensland which are not connected to the main electricity grid.

ABOUT ENERGEX

Energex Limited (Energex) is part of the Energy Queensland group and builds, operates and maintains the electricity distribution network in the growing region of South East Queensland which includes the major urban areas of Brisbane, Gold Coast, Sunshine Coast, Logan, Ipswich, Redlands and Moreton Bay.

It's electricity distribution area runs from the NSW border north to Gympie and west to the base of the Great Dividing Range and Energex's world-class energy products, services and expertise has allowed it to provide electricity to homes and business for more than 100 years. Today, Energex provides distribution services to more than 1.5 million domestic and business connections, delivering electricity to a population base of around 3.5 million people via 55,200km of overhead and underground network.

Ergon Energy Corporation Limited ABN 50 087 646 062 | Energy Queensland Limited ABN 96 612 535 583 | Energex Limited ABN 40 078 849 055

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AER Preliminary Order for Distribution Networks

1 Introduction

On 25 January 2023 the Australian Energy Regulator (AER) published its preliminary Annual Information Orders (preliminary Orders) and accompanying explanatory statement, which applies to electricity transmission, interconnector and distribution networks. The preliminary Orders sets out the AER's information requirements and a clear process and timing for future updates to information requirements.

The AER invited network businesses and other interested parties to make a submission on the preliminary Orders (including data requirements) and explanatory statement by Friday, 31 March 2023.

Ergon Energy Corporation Limited (Ergon Energy) and Energex Limited (Energex) welcome the opportunity to provide comment to the Australian Energy Regulator on its Preliminary Regulatory information Order for Distribution Networks (preliminary Order). This submission is provided by Ergon Energy and Energex in their capacity as distribution network service providers (DNSPs) in Queensland. Comments on the preliminary Order are provided in sections 2 and 3 of this submission.

2 Key Messages

Ergon Energy and Energex support the AER in its Network Information Requirements Review by establishing consistency in reporting by intending to issue an Order to a set class of participants. We appreciate the robust discussions during the data workshops facilitated by the AER during this review and recognise the efforts made to address those concerns by refining data requirements in the preliminary Order. Our key messages are summarised below with detailed responses outlined in the remainder of our submission:

- To commence reporting to the AER from the 2023/24 financial year, when the Final Order will be issued 3 months after the commencement of that reporting year is too soon and not practicable. Our preference is for the Regulatory Information Notices (RIN's) to run their course until expiry on 30 June 2024, and for the Order to commence thereafter. This allows time to respond to new reporting requirements such as safety and export service metrics, and establish internal processes, report automation, and trend analysis as required for external audit.
- We consider backcasting Opex on a 'current CAM' basis would be of more relevance than a '2014 CAM basis' if there are material changes to the CAM in the future. This approach would also align with the AER's Reset RIN requirements and drive process efficiencies. Ergon Energy and Energex support the option of moving from benchmarking on the frozen 2014 CAMs to reflecting current CAMs, as noted in the AER Draft Guidance Note – How the AER will assess the impact of capitalisation differences on benchmarking[1].

[1] AER Draft Guidance Note - How the AER will assess the impact of capitalisation differences on benchmarking

- While the AER is moving to incorporate Power BI in the reporting of performance, such as STPIS, its importance that we do not lose the ability to validate output through tracing data and calculations. The AER should establish a process to facilitate the ability to validate the data and calculation outputs from the power BI dashboard. Simple exports are not sufficient to allow cross checking of calculations.
- Limiting its focus on collecting information at the data level, removes the ability to validate the meaning behind the information that DNSPs are submitting. Data only becomes meaningful when the AER ingests the data and commences reviewing the information. DNSP written reports in support, if not collected as part of the Order, will be requested later as seen through information requests related to network performance report and benchmarking for example. DNSPs would benefit if the AER engaged early to advise how data is being applied in order to comply with regulatory schemes or measures prior to commencing an annual review process.
- Additional detail and clarification are required from the AER regarding technical reporting requirements.

3 Comments on Preliminary Regulatory Information Order

3.1 REGULATORY INFORMATION ORDER FRAMEWORK

Indicative reporting instances where GSL not met

Ergon Energy and Energex support the information requirement outlined in Schedule 1 of the preliminary Order "Data workbook 05 – service performance – other service measures – instances where GSL not met – indicative data" due to the AER, on or before 30 September This is because, both Ergon Energy and Energex are required to submit this data to the Department of Energy and Public Works within two months of the end of the financial year in accordance with the its obligations under Queensland's Electricity Distribution Network Code[2].

Annual response date

Ergon Energy and Energex do not support the annual response date proposed at section 1.5.1(a) of the preliminary Order. This is due to the AER intending on issuing the final Order in September 2023, which is 3 months into the first year of reporting. This does not provide adequate time for Ergon Energy and Energex to respond to the requirements of the Order.

Ergon Energy and Energex will be required to re-establish internal processes and automate reports to comply with the requirements of the final Order. Further, our third-party service provider, Rosetta will need adequate time to reconfigure the portals for the collation of information. Also, it's important to note that auditors rely on trend analysis for their audit and review. This drives a need to remap historical information reported in RINs to the Order format for meaningful analysis.

[2] Refer to clauses 2.3 and 2.4.

Analytics embedded in Power BI[3] and the Rosetta DataMart[4] will rely on historical RIN information to be correctly mapped to the final Order.

Revoking the existing RINs, a year before expiry, and adopting a Final Order is administratively onerous with no demonstrated benefit. As such, Ergon Energy and Energex recommend the AER delay the commencement of the final Order by 1 year, and for an additional month to be provided on initial lodgment, therefore making it due 5 months (31 November) after the end of the reporting period.

3.2 GENERAL REQUIREMENTS

Preparation of information provided to the AER

Section 2.1.1(d) of the preliminary Order provides for information required in the data workbooks to be submitted in a form agreed with the AER. Ergon Energy and Energex are engaged stakeholders on the AER's Future technology platforms consultation and note the timing of the AER's Horizon for transitional arrangements to explore creative solutions for data sharing is December 2025. While we support the AER's key priority to centralize data storage to enable timely sharing of information publicly, it would be remiss to progress with costly automated technologies such as Application Programme Interfaces[5] (API), until the AER's consultation progresses further.

Maintaining information provided under the Order

Ergon Energy and Energex are supportive of section 2.2 of the preliminary Order requiring information to be retained for a set period of seven years from the date of submission to the AER. In our view, his corrects the anomaly at Schedule 2 paragraph 2.1 of the Category Analysis RIN, where information is to be retained from the date of the Notice to 30 June 2024. The retention period was on a sliding scale depending on the year of submission. Also, this period aligns with the retention of records/documents of seven years provided in clause 1.9 of the National Electricity Rules.

Resubmission of information provided under the Order

Despite section 2.4.3 of the preliminary Order, Ergon Energy and Energex seek clarification from the AER on the timing of resubmissions and whether they will continue to accept resubmissions throughout the year, and in the event, assurance is required if requested by the AER, the audit or review report can be provided at the next years RIN response date. This would promote an efficient audit engagement process, allowing DNSPs to bundle resubmission work into annual RIN audit process, rather than managing ad hoc audit engagements.

[3] Power BI is a unified, scalable platform for self-service and enterprise business intelligence (BI). Connect to and visualize any data, and seamlessly infuse the visuals into the apps you use every day.
[4] Rosetta Datamart is a structured RIN dataset that can be downloaded for ease of analysis.
[5] An API, or application programming interface, is a set of defined rules that enable different applications to communicate with each other.

3.3 DATA REQUIREMENTS

Data Workbook 1 – General Information

Ergon Energy and Energex seek clarification from the AER if the final Order will include Workbook 1 – General Information. The preliminary Order does not include Workbook 1 to collate General Information from businesses, including, Business name / ABN, Address, Sector, Segment, Jurisdiction, and resubmission information. The AER note reference data does not change very often and does not need to be collected as part of the annual process. If it does not form part of the Final Order, please confirm if the AER agree to meaningful descriptions in file names indicating that the file is a resubmission of information.

3.4 SUPPORTING INFORMATION REQUIREMENTS

Overheads – Unregulated Services

In Workbook 6 Operating Expenditure and Workbook 7 Capital Expenditure, Unregulated Services is a separate column heading at worksheet and Table below:

- Workbook 6 – Operating Expenditure, Worksheet – Distribution Business, Table Overheads Expenditure; and
- Workbook 7 – Capital Expenditure, Worksheet – Distribution Business, Table Overheads Expenditure.

It is not clear how reporting of 'unregulated services' is reasonably necessary to assist the AER to perform its powers and functions under the NEL and NER as these services are not subject to economic regulation. On this basis, Ergon Energy and Energex request additional information from the AER on why this is required to be reported separately.

Shared Assets

The preliminary Order requires reporting of Unregulated revenue earned from shared assets in Workbook 9 – Revenue and Financial Statements, which hasn't been reported annually before. Ergon Energy and Energex seek clarification from the AER please on the purpose of reporting this information annually and whether this is linked to assessing a DNSP's compliance with the AER's Shared Asset Guideline?

3.5 BASIS OF PREPARATION AND APPENDIX C: BASIS OF PREPARATION

Appendix C Basis of Preparation Template

Ergon Energy and Energex support the Basis of Preparation Template as it leads to a condensed response format. However, section 5.1.1(a) of the preliminary Order states that the basis of preparation must enable auditors to clearly understand how the electricity distributor has complied with the requirements of the Order. In our view, the Audit and Review reports demonstrate that a distributor has complied with an Order rather than a basis of preparation. The auditors use other reference to assess compliance auditors. In addition to the basis of preparation, also use other

measures, such as interviewing staff, reviewing internal work instructions/processes, automated report parameters, processes, internal peer review documentation and substantiative testing. Based on the current drafting it does appear that auditors are required to take this into consideration, as such, we recommend that the AER consider rewording this section.

3.6 ASSURANCE REQUIREMENTS

Ergon Energy and Energex support the approach taken by the AER in reducing the auditing burden of ASA805 based on use case, and by excluding new information from the scope of audit.

3.7 APPENDIX A: DATA WORKBOOK INSTRUCTIONS

Ergon Energy and Energex request that the AER consider our proposed amendments outlined below in relation to Appendix A – Data Workbook Instructions.

Zone substation transformer capacity

- **Section 3.4.9**: We consider that a more accurate title is 'Zone substation capacity' as opposed to 'Zone substation transformer capacity' as feeder line capacity restraints are also taken into account as well as transformer capacity. Furthermore, transformations, starting from the transmission and sub-transmission network to the distribution network level, can be progressed through multiple steps.

  On this basis we recommend that section 3.4.9 should instead read:

  Zone substation capacity. The electricity distributor must report transformer capacity used for intermediate level transformation capacity in either single or multiple steps. For example, transformations from high voltages such as 132 kV, 66 kV or 33kV at the transmission and sub-transmission level to the distribution level of 22 kV, 11 kV or 6kV. Furthermore, consideration must also be taken into account for any capacity limitations resulting from feeder exits.

- **Section 3.4.10**: We consider that as there is an additional capacity restraint by considering zone substation feeder capacities, the title should not refer to 'zone substation transformer capacities' as this is a misnomer. As such, it would be more accurate to describe this as 'zone substation capacities'.

  On this basis we recommend that section 3.4.10 should instead read:

  Zone substation capacity. The electricity distributor must report zone substation capacities as the summation of the transformer's normal assigned continuous capacity / rating (with forced cooling or other capacity improving factors included) and include both energised transformers and cold spare capacity as well as taking consideration and comparison of feeder exit capacity constraints. The electricity distributor must report the assigned rating determined from results of temperature rise calculations from testing. If the assigned rating is not available, the electricity distributor must report the nameplate rating. For zone substations where the thermal capacity of exit feeders is a constraint, the electricity distributor must report thermal capacity of exit feeders instead of transformer capacity.

- **Section 3.4.11**: The wording as currently drafted is incorrect and needs aligning with paragraph 3.4.10 with respect to feeder capacity restraints. The first step transformation does

not reach distribution level (i.e.: less than 33 kV such as 22 kV, 11 kV or 6 kV etc.). As such, no distribution voltages could be reached (i.e.: 22 kV or 11 kV cannot not be part of the transformation). Secondly, as there can be multiple transformation steps prior to reaching the final transformation to the distribution level, all of these steps should be counted as 'first step' transformations. In other words, first step transformations process all transmission and sub-transmission transformations without reaching the distribution network level (i.e., the second step transformation). Furthermore, the associated feeder capacity constraint (for the network tier) needs to be considered and compared to the transformer capacity and reporting the most limiting constraint.

As such, we recommend amendments to section 3.4.11 such that it reads:

Zone substation capacity. The electricity distributor must report total installed capacity for first step transformation where there are two (or more) steps to reach distribution voltage, as:

(a) "Total installed capacity for first step transformation where there are two (or more) steps to reach distribution voltage" (EB RIN reference: DPA0601) includes, for example, 132 kV or 110 kV to 66 kV or 33 kV. There can be multiple 'first step transformations' prior to accompanying and finalising 'second step transformation' and reaching the distribution voltage. This variable is only relevant where the electricity distributor has more than one step of transformation overall to reach the distribution network level and precedes the final 'second step transformation'. If this is not the case the electricity distributor must enter '0' for this variable. Furthermore, the associated feeder thermal limit capacity will be considered for this network tier; compared to the transformer capacity, with the most limiting constraint reported.

- **Section 3.4.12**: The section needs clarification and alignment with section 3.4.10 with respect to feeder capacity restraints. The second step transformation reaches the distribution level (i.e. less than 33 kV such as 22 kV or 11 kV), that is, a second step transformation finalises the series of transformations from a first step transformations process from previous transmission and sub-transmission transformation(s) and the final transformation from this level to the distribution network level. Furthermore, the associated feeder capacity constraint (for the network tier) needs to be considered and compared to the transformer capacity to report the limiting constraint.

  As such, we recommend amendments to section 3.4.12 such that it reads:

  Zone substation capacity. 3.4.12 The electricity distributor must report total installed capacity for second step transformation where there are two (or more) steps to reach distribution voltage as:

  (a) "Total installed capacity for second step transformation where there are two (or more) steps to reach distribution voltage" (EB RIN reference: DPA0602) report total installed capacity where the second or final step transformation applied reaches the distribution voltage. For example: 66 kV or 33 kV to 22 kV or 11 kV, where there has already been a previous first step of transformation prior to this step at higher voltages within the electricity

distributor's system (i.e., a first step transformation has occurred previously in the series of transformations). The 'second step transformation' is only relevant where the electricity distributor has more than one step of transformation and occurs once as the last of a series of transformations to the distribution level. If this is not the case the electricity distributor must enter '0' for this variable. Furthermore, the associated feeder thermal limit capacity will be considered for this network tier; compared to the transformer capacity, with the most limiting constraint reported.

- **Section 3.4.13**: This section needs additional clarification and should align with recommended changes to section 3.4.10 with respect to feeder capacity restraints. Furthermore, the associated feeder capacity constraint (for the network tier) needs to be considered and compared to the transformer capacity and report the most limiting constraint.

  It is also assumed that once the distribution level is reached, no further transformations are considered. That is, further transformations within the distribution level are not considered further such as 22 kV or less, since the targeted distribution level has already been reached.

  Finally, transformations that climb up the network levels (e.g., from the distribution level to transmission or sub-transmission level) are disregarded, as they are initiated from the distribution level.

  As such, we recommend amendments to section 3.4.13 such that it reads:

  > The electricity distributor must report total zone substation transformer capacity where there is only a single transformation to reach distribution voltage as:
  >
  > (a) "Total zone substation transformer capacity where there is only a single transformation to reach distribution voltage" (EB RIN reference: DPA0603) report total installed capacity where only a single step of transformation is applied before reaching the distribution voltage (from either transmission or sub-transmission voltage). This variable is only relevant where there is only a single step of transformation to reach distribution voltage. If there is more than one step of transformation to reach distribution voltage, the relevant capacities must be reported in EB RIN reference: DPA0601 and EB RIN reference: DPA0602. Furthermore, the associated feeder thermal limit capacity will be considered for this network tier; compared to the transformer capacity, with the most limiting constraint reported.

Total Customer Numbers

- **Section 4.1.** This section needs amending, such that Ergon Energy's customers in its unregulated isolated networks are excluded. These customers do not fall under economic oversight from the AER. However, we note that customers in the Mount Isa-Cloncurry network would be included in this section.

  On this basis, we recommend that section 4.1 is amended such that it reads:

  > The electricity distributor must report total customer numbers (excluding isolated customers) disaggregated by NMI status; meter classification and energisation. The

electricity distributor must report the disaggregated total customer numbers to enable reconciliation and cross checking of customer number data.

Customers (EB)

Section 4.1.1. We refer you to our comments related to section 4.1. On this basis, we similarly recommend that the instructions exclude isolated customers.

Customer (STPIS) by feeder

- **Section 4.3.1:** Ergon Energy and Energex request that this section is amended to exclude de-energised (disconnected) customers as they have Inactive NMI's and Deactivated NMI's due to the customer being disconnected from the distribution electricity supply network.

  As such, we recommend amendments to section 4.1 such that it reads:

  The electricity distributor must report customers (STPIS) for a reporting period as the number of energised metered connection points with an Active NMI (excludes unmetered customers).

Standard Control Services - Opex

- **Section 6.2.14**: Regulatory Financial Statements and Regulatory Accounting Statements should be defined terms. As such, we request that the AER include these definitions in Appendix B.

Total opex – 2014 CAM basis

- **Section 6.4.4:** Ergon Energy and Energex request the AER amend the preliminary Order to reflect discussions held on 28 July 2022, Workshop 2: DNSP Economic Benchmarking. In particular we refer the AER to your workshop discussion notes outlined under Topic 6. Opex (EB 3.2)[1] that states, "a backcast will only apply to DNSPs where the CAM has undergone a material change". We support the AER excluding the Total opex – 2014 CAM basis from audit scope.

  Ergon Energy and Energex are strongly opposed to presenting benchmarked opex on a historical 2014 CAM basis, and instead maintain our position at the data workshops in that historical information should be presented on the CAM-of-the-day basis (current CAM). We also refer to the AER's Draft Guidance Note[6] on how the AER will assess the impact of capitalisation differences on benchmarking, and how several stakeholders supported the option of moving from benchmarking on the frozen 2014 CAMs to reflecting current CAMs.

  Backcasting for opex can take substantial time and effort, when methods used to allocate costs between different services materially change, and when reporting is for an extended reporting

[1] Report template (aer.gov.au)

[6] AER Draft Guidance Note - How the AER will assess the impact of capitalisation differences on benchmarking

period (from 2006, spanning 4 regulatory control periods). DNSPs are already required to backcast expenditure on a current-CAM basis to comply with Reset RIN requirements if material changes in CAM and/or classification of services occurs. It should be noted that significant costs are borne by the DNSP to complete this backcast and undertake an external audit.

In our opinion, aligning the preliminary Order's approach with the Reset RIN requirement allows for a more efficient and much simpler approach while meeting the intent of the Order. The Reset RIN backcast establishes a consistent historical data set on a current-CAM basis. If the CAM materially changes in the future, we would only be required to establish the changes between the Reset RIN backcast CAM and the current-CAM to produce the historical dataset (from 2006). To maintain the preliminary Order drafting, backcast on a 2014 CAM basis for Ergon Energy requires an understanding of the differences between the current CAM and all 4 historical CAMs to produce a consistent data set.

It is not clear why the AER requires backcast expenditure on a 2014 CAM basis as it reflects the way costs were allocated for Ergon Energy and Energex prior to the Energy Queensland Group forming on 30 June 2016. The way costs are now allocated in the Group since merger has substantially changed. To backcast using the current CAM basis would produce more relevant results, establish consistency in requirements with the Reset RIN, and reduces cost. On this basis, we recommend section 6.4.4 is amended such that it reads:

Total opex – current CAM basis

6.4.4 The electricity distributor must report operating expenditure on the current CAM basis only when notified by the AER of a requirement to do so.

Capital Expenditure

Section 7.1.2: Regulatory Accounting Statements should be a defined term. As such, we request that the AER include this definition in Appendix B.

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3.8 APPENDIX A: DATA WORKSHEETS, CONCEPTS, VALIDATIONS, CHECKS AND TOTALS

Table 1.1: Ergon Energy's and Energex's responses to the Data worksheets, tables concepts, validations, checks and totals

Consultation workbooks	Ergon Energy and Energex response
WORKBOOK 2 - OPERATIONAL OUTPUTS • *Energy delivered by CR Tariff* • *Energy delivered by NCR Tariff* • *Energy delivered / received* • *Demand* • *Connections* • *Other outputs* • *Export Services*	***Worksheet: Definitions: Term: HV feeder*** As we have distribution transformers connected directly to the 33kV subtansmission feeders joining bulk supplies and zone substations, we recommend adjustments to the definition 'sub transmission line' such that it reads: • A distribution line with a nominal voltage that is at or below 33 kV and above 1 kV and connects distribution substations to a zone substation, includes all connected lines and cables from the point of origin (typically a zone substation) to the normally open points or line/cable terminations. Where distribution substations are connected directly to a sub transmission line, the line remains categorised as a sub transmission line. ***Worksheet: Connections, Table: New connections - excluding standard control services*** The table heading could be more specifically titled to remove ambiguity. We request the AER replace 'New connections - excluding standard control services', with 'New connections - alternative control services (ACS)', or alternatively for the AER to include further guidance in the Appendix A – Data workbooks instructions that reporting is ACS. New connections are defined as: Connection services necessary to meet customer connection requests. This excludes alterations to existing connection assets. Can the AER clarify if we are to exclude premise connection for extensions and

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	augmentations (Adds and Alts). If so, reporting would be minimal. RIN reporting currently includes Upgrade of existing single-phase service to 3 phase (ACS OPEX), Installation of a padmount transformer for a multi-tenanted real estate (ACS CAPEX, dedicate Connection Assets), 3. Installation of Connection Assets for a Major Customer (ACS OPEX (limb 1-gifted asset), 4. Installation of upstream augmentation for a registered generator (ACS CAPEX). Could the AER clarify if the instructions were meant to alter reporting for Connections when we adopt the Preliminary Order or provide further clarity to ensure we report in accordance with requirements. ***Worksheet: Connections, Table: Other connection activities*** Please clarify if we should report other connection activities for Standard Control Services and Alternative Control Services? The green shaded input cells for this Table require data entry for Underground yet not Overground. Please confirm if it is the AER's intention to exclude Overground from reporting.
WORKBOOK 3 - NETWORK METRICS • *Network Assets – Volume* • *Non-Network Assets – Volume* • *Length* • *Capacity*	No comment.

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• *Asset Metrics* • *Terrain* • *Safety*	
WORKBOOK 4 - CUSTOMER NUMBERS • *Total Customers* • *Customers (EB)* • *Customers (STPIS) by feeder* • *Customers by tariffs – CR* • *Customers by Tariffs – NCR* • *Customers - other*	***Worksheet: Customers (STPIS) by feeder, Table: Customers (STPIS) by feeder, Column Header: Feeder Classification*** ***Feeder Classification*** Ergon Energy and Energex request the AER consider that there can be differences in Feeder Classifications at the end of the year and start of the next year and to therefore clarify the approach to reporting. – Customer numbers are currently reported as: o Previous End of year customers numbers are as at 30 June 23:59:59 pm o New Start of year customers numbers are as at 1 July 12:00:01 am On 1 July the Feeder Classifications are reviewed and assigned for all feeders for the new year period from 1 July to 30 June. As there is only a 2 second difference in time between the Previous Year End customers numbers and the New Start of year customers numbers, occasionally both numbers and Feeder Categories differ. Is the above approach acceptable to the AER where the differences are immaterial? Or, where Customer Numbers and Feeder category would be reported at End of the day 1 July 23:59:59 and End of the Year 30 June 23:59:59 which also may not align. Or, add a 1 July Feeder Classification column to align with 1July Start of year customers. This is illustrated below:

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Data category 04: Customer numbers

Legend

input
calculation
assurance standard

					Customers (STPIS)	
				Units	as at 1 July (start of year)	as at 30 June (end of year)

Customers (STPIS) by feeder

Feeder ID/Name	Feeder Service Area Description	as at 1 July Feeder Classification	as at 30 Jun Feeder Classification		678.00	685.00
FDR01	Far North	Urban	Short Rural	Number	65	72
FDR02	North Queensland	Long Rural	Long Rural	Number	45	51
FDR03	Far North	Short Rural	Urban	Number	568	562

Enter 2 records for those Feeders that have Changed Feeder Classifications for the new Year. The additional feeder record count would need to be considered when analysing the data. This is illustrated below:

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Data category 04: Customer numbers

Legend

input
calculation
assurance standard

Customers (STPIS) by feeder

Feeder ID/Name	Feeder Service Area Description	Feeder Classification	Units	Customers (STPIS) as at 1 July (start of year)	Customers (STPIS) as at 30 June (end of year)
				678.00	685.00
FDR01	Far North	Urban	Number	65	0
FDR01	Far North	Short Rural	Number	0	72
FDR02	North Queensland	Long Rural	Number	45	51
FDR03	Far North	Short Rural	Number	568	
FDR03	Far North	Urban	Number		562

Worksheet: Customers (Distribution Services) by NMI status

Please insert definitions into *Workbook 4 – Customer Numbers,* Worksheet*: Definitions* for the following terms: Inactive NMI, Active NMI, Deactivated NMI, Energised NMI, Un Energised NMI.

WORKBOOK 5 - SERVICE PERFORMANCE

- *Interruptions*
- *Call Centre*
- *Other service measures*

Worksheet: Interruptions, Table: Interruptions to supply

As the AER states Worksheet: Interruptions is a new table that replaces Category Analysis RIN Template 6.3 Sustained Interruptions to Supply (CA 6.3) and enables derivation of data previously collected in EB3.6; AR3.6.8; AR3.6.9; AR6.2; AR6.8, we understand the below measures will be derived from the data:

- Customer Minutes
- Feeder Classification
  - Unplanned SAIDI (Total sustained minutes off Supply)
  - Unplanned SAIFI (Total sustained interruptions)

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- Planned SAIDI (Total Planned Minutes off Supply)
- Planned SAIFI (Total Planned Interruptions to Supply)
- Network SAIDI and SAIFI (To be used in STPIS MED TMED Calculation)
- Feeder SAIDI/SAIFI Performance

In assessing this table, we have taken into consideration discussions during the AER's 2021 STPIS performance review for Ergon Energy and Energex in particular the use of CA RIN T6.3 data to calculate STPIS outcomes in accordance with the AER's STPIS v 2.0. 14 November 2018. Issues identified during our review are discussed in detail below:

Distribution Customers Definition

Ergon Energy and Energex request the *"Distribution customer"* definition is amended to align with Workbook 4: Customer Numbers, Worksheet: Definitions, Term: "*Customer (STPIS) by feeder"* as these reports work together.

- "*Customer (STPIS) by feeder:* As defined in the AER's Distribution Reliability Measures Guideline but should exclude inactive accounts and unmetered connections as per the AER's STPIS v 2.0 - 14 November 2018[7], Appendix A."

Duration of Interruption

Ergon Energy and Energex request the AER consider replacing "*Duration of Interruption"* in *Table: Interruptions to supply*, with the *"Average duration of sustained customer interruption"* to ensure STPIS performance can be accurately derived.

- For the years 2010/11 to 2022/23 the *CA RIN T6.3* we have reported the measure ***"Average duration of sustained customer interruption"*** used by the AER to produce some of the STPIS measures. The formula is:

$$Average\ duration\ of\ Interruption = \frac{Total\ Customer\ Minutes}{Total\ Number\ of\ customers\ affected\ by\ the\ interruption}$$

[7] Service Targe Performance Incentive Scheme 2018 amendment (www.aer.gov.au)

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- While the Customer Minutes were not reported in the CA 6.3 RIN, by reporting the ***"Average duration of sustained customer interruption"*** in the CA RIN it enabled the AER to calculate the Customer Minutes. The formula is:

$$\begin{aligned} &\textit{Total Customer Minutes} \\ &= \textit{Total Number of customers affected by the interruption} \\ &* \textit{Average duration of sustained customer interruption} \end{aligned}$$

- *Worksheet: Interruptions,* replaces reporting of ***"Average duration of sustained customer interruption"*** with a NEW measure ***"Duration of Interruption"*** which requires reporting of the 'actual duration experienced by a customer'. We believe this will result in a problem related to the SAIFI impact for Outage incidents when the same customer experiences multiple Loss of supply (Staged) within the same outage incident.

- The Customer interrupted will only be counted once as being interrupted with a zero value for consequent stages within the Outage Incident. However, the customer's Customer Minutes is summated for all the minutes the customer experiences Loss of Supply. Therefore, the below measures would be unable to be calculated accurately:
  - Average duration of sustained customer interruption
  - Duration of Interruption.

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- To demonstrate, refer to outworked examples below for *Worksheet: Interruptions* that shows incorrect customer minutes without recommended amendments.

Worksheet: Demonstrating incorrect customer minutes in Worksheet: Interruptions

(EXAMPLE Data) using Current RIO DC 05 Interruptions Template

Will display Feeder Date and TIME								ACTUAL Duration		(Duration of Interruption * Number of Customers)
Date of interruption	Time of interruption	Asset ID/Feeder ID	Feeder service area description	Feeder classification	Reason for interruption	Detailed reason for interruption	Number of customers (DRMG) affected by interruption	Duration of interruption	Restoration stage	RIO Calculated Customer Minutes
1-Jul-21	12 57 16	40001010	Central Highlands	Long Rural	asset failure	Asset failure - HV	17.00	97.73	1	1661.466667
2-Jul-21	11 03 00	40001010	Central Highlands	Long Rural	asset failure	Asset failure - HV	0.00	117.00	2	0
2-Jul-21	12 46 00	40001010	Central Highlands	Long Rural	asset failure	Asset failure - HV	0.00	14.00	3	0
									TOTAL	1,661.47

INCORRECT Customer Minutes

Ergon and Energex just using for demonstration Purposes in Anaylsis of new RIO Template

OUTAGE ID	CORRECT CUSTOMER MINUTES
1794558	1,661.47
1794558	585.00
1794558	168.00
TOTAL	2,414.47

Worksheet: Recommended amendments for correct customer minutes to Worksheet: Interruptions

(EXAMPLE Data) using Recommended RIO DC 05 Interruptions Template Changes

Add Field if RIO required to calculate Network SAIDI. DATE that the Outage Incident Started As per (IEEE Guide)	Prefix with Feeder so Identify which Date and Time							Change to Average Duration if RIO required to Calculate Correct Customer Minutes (Total Customer Minutes / Total No of Customers)	Remove field Restoration Stages Field Adds a lot of extra data with no useable information	Add MED Field if RIO required Filter out Major event Days data.	(Average Duration of Interruption * Number of Customers)
Outage Date of interruption	Feeder Date of interruption	Feeder Time of interruption	Asset ID/Feeder ID	Feeder service area description	Feeder classification	Reason for interruption	Detailed reason for interruption	Number of customers (DRMG) affected by interruption	Average Duration of interruption	Restoration stage	Major event Day	RIO Calculated Customer Minutes
1-Jul-21	1-Jul-21	12:57:16	400010 0	Central Highlands	Long Rural	asset failure	Asset failure - HV	17.00	142.03	1	NO	2414.466667
1-Jul-21	2-Jul-21	11:03:00	400010 0	Central Highlands	Long Rural	asset failure	Asset failure - HV	0.00	142.03	2	NO	0
1-Jul-21	2-Jul-21	12:46:00	400010 0	Central Highlands	Long Rural	asset failure	Asset failure - HV	0.00	142.03	3	NO	0
											TOTAL	2 414.47

Correct Customer Minutes

Ergon and Energex just using for demonstration Purposes in Anaylsis of new RIO Template

OUTAGE ID	CORRECT CUSTOMER MINUTES
1794558	1 661.47
1794558	585.00
1794558	168.00
TOTAL	2 414.47

Major Event Days (MED)

Ergon Energy and Energex request the AER consider amending *Table: Interruptions to supply* to add an additional column for identifying *Major Event Day (YES/NO)*. In addition, where backcast data for network daily SAIDI's to 30 June

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2020 is required to calculate the TMed during the annual STPIS review, that we are not required to resubmit this previously provided data.

There is not a Major Event Day Identification field in Table: Interruptions to supply. This impacts any data analysis and SAIDI/SAIFI calculations as the AER's STPIS v 2.0. 14 November 2018, Exclusion Clause 3.3 (b) Major Event Days (MED) are unable to be excluded from annual performance.

RIN reporting published on the AER website from 2010/11 to 2019/20 was based on a Momentary Interruption to a Distribution Customer's electricity supply with a duration of 1 minute or less. From 1 July 2021, the Momentary Interruption to a Distribution Customer's electricity supply changed to a duration of 3 minutes or less. To use the previously published CA 6.3 RIN data, prior to financial year 2020/21 results in the incorrect calculation of Network Daily SAIDI's. This is relevant as:

- Backcast data was provided at 2020 – 2025 regulatory Reset for 5 years of data for the Major Event Day Boundary (tMed) calculation for Ergon Energy or Energex; and
- The CA RIN Interruption Date Is the Date the feeder lost supply not the Outage Incident date.

If the preliminary Order commences in 2023/24 the tMed calculation will use two years of backcast Network Daily SAIDI's (2018/19, 2019/20), which were submitted to the AER at the 2020-25 regulatory reset and the same data was provided during the last two annual STPIS reviews. We request this data is formally accepted for use in future annual STPIS reviews to avoid future resubmission of the same information.

Network SAIDI for Major Event Days

As *Table: Interruptions to supply,* will be used to calculate the 'Daily Network SAIDI' and to verify 'Major Event Days' we request the AER consider amending *Table: Interruptions to supply* for the outage date of interruption, feeder date of interruption, and feeder time of interruption.

Table: Amended categories in Table: Interruptions to supply

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Data category 05: Service performance

Legend

input
calculation
assurance standard

Interruptions to supply

Outage Date of interruption	Feeder Date of interruption	Feeder Time of interruption	Asset ID/Feeder ID	Feeder service area description	Feeder classification	Reason for interruption	Detailed reason for interruption	Number of customers (DRMG) affected by interruption	Average Duration of interruption	Major Event Day (YES/NO)
(DD/MM/YYYY)	(DD/MM/YYYY)	(hh:mm)			Select from options listed below	Select from options listed below	Select from options listed below	Number	(mm:ss)	
17/01/2023	17/01/2023	17:51	123456	Far North	Short Rural	animal	Animal impact	1	307.82	YES
17/01/2023	17/01/2023	18:21	154431	Far North	Short Rural	animal	Animal impact	1	240.82	YES
17/01/2023	18/01/2023	13:38	1654564	Far North	Short Rural	animal	Animal impact	1	302.82	YES
17/01/2023	18/01/2023	14:38	545612	Far North	Short Rural	animal	Animal impact	1	28.83	YES
			<Business defined ID 5as defined des		<Business selectio	<Business selection>	<Business selection>			

"IEEE Guide for Electric Power Distribution Reliability Indices", requires the Customer minutes that have been accumulated within an Outage Incident to be accrued on the Day that the Outage Incident Started (e.g. the date the First Customer Lost supply in the entire outage). In addition, major event days requirements are:

» major event day

A day in which the daily system SAIDI exceeds a threshold value, T_{MED}. For the purposes of calculating daily system SAIDI, any interruption that spans multiple calendar days is accrued to the day on which the interruption began. Statistically, days having a daily system SAIDI greater than T_{MED} are days on which the energy delivery system experienced stresses beyond that normally expected (such as severe weather). Activities that occur on major event days should be separately analyzed and reported. (See 4.5.)

Table: Interruptions to supply has the following Date/ Time Fields:

- Date of Interruption – (Date the Feeder's Customers Lost Supply)
- Time Of Interruption – (Time the Feeder's Customers Lost Supply)

When an Outage Incident spans Multiple days, the incident can experience loss of supply across multiple feeders and customers over multiple days. When this occurs because the Feeder Data and time is being reported the below measures are unable to be calculated:

- the correct Daily Network SAIDI or SAIFI

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- or to verify Major Event Days

To demonstrate, refer to examples outworked below. The source file with workings is available on request by the the AER, required.

Example: A single outage Incident that spans across multiple days, and a Major Event Day that has been declared on the 17 Jan 2023.

Table: Demonstrating customer minutes incorrectly split across 2 days

	Date of interruption	Time of interruption	Asset ID/Feeder ID	Customer Minutes	Major Event Day
	17/01/2023	17:51	123456	2,548.50	YES
All the Same	17/01/2023	18:21	154431	1,321.38	YES
Outage Incident	18/01/2023	13:38	1654564	18,668.08	YES
	18/01/2023	14:38	545612	29,964.37	YES

In this example the data from Table: Interruptions to supply would calculate the Customer Minutes that are used to calculate the Daily SAIDI and split them across the 17 January and 18 January 2023, instead of summating all the customer minutes onto the 17 January as specified by the IEEE Guide. Also, it would show two Major Event days on the 17 January and 18 January when in fact there was only one. Refer to below table.

Table: Demonstrating incorrect number of Major Event Days

Date of interruption	Major Event Day	Daily Customer Minutes
17/01/2023	YES	3,869.88
18/01/2023	YES	48,632.45

If the "Date of Interruption" in the template was changed to report the "Outage Incident Date", then the Feeder-off times would be incorrect.

Ergon Energy and Energex request the AER consider the following change to insert the below categories in *Table: Interruptions to supply*:

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- Outage Date of Interruption – (Date the Outage Incident Lost Supply)
- Feeder Date of Interruption – (Date the Feeder's Customers Lost Supply)
- Feeder Time of Interruption – (Time the Feeder's Customers Lost Supply)

Table: Demonstrating the addition of new column: Outage Date of Interruption

	Outage Date of interruption	Date of interruption	Time of interruption	Asset ID/Feeder ID	Customer Minutes	Major Event Day
	(DD/MM/YYYY)		(hh:mm)			
All the Same Outage Incident	17/01/2023	17/01/2023	17:51	123456	2,548.50	YES
	17/01/2023	17/01/2023	18:21	154431	1,321.38	YES
	17/01/2023	18/01/2023	13:38	1654564	18,668.08	YES
	17/01/2023	18/01/2023	14:38	545612	29,964.37	YES

Table: Demonstrating by the addition of new column Outage Date of Interruption only 1 Major Event Day is reported (not 2 MEDs)

Date of interruption	Major Event Day	Daily Customer Minutes
17/01/2023	YES	52,502.33

Worksheet: Other service measures, Table: Energy not supplied

Ergon Energy and Energex request confirmation from the AER if energy not supplied should continue to be reported exclusive of the effect of Excluded Outages as defined in the *Distribution Reliability Measures Guideline*, but Inclusive of interruptions that occurred on Major Event Days.

Worksheet: Other service measures, Table: Inadequately served customers

Ergon Energy and Energex request confirmation from the AER if exclusions defined by the *Distribution Reliability Measures Guidelines Version 2 (August 2022)*, and interruptions that occurred on Major Event Days are to be included or excluded. The RIN and preliminary Order are conflicting in this requirement.

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	Worksheet: Other service measures, Table: Top 5 feeders with most inadequately served customers Ergon Energy and Energex request confirmation from the AER if exclusions defined by the *Distribution Reliability Measures Guidelines Version 2 (August 2022),* and interruptions that occurred on Major Event Days are to be included or excluded. The RIN and Preliminary Order are conflicting in this requirement. ***Worksheet: Other service measures, Table: Top 5 zone substations with most inadequately served customers*** Ergon Energy and Energex would elect to report NULL response as allowed if top 5 feeder data is provided.
WORKBOOK 6 - OPERATING EXPENIDTURE	***Worksheet: Definitions, Term: Debt raising expenditure*** Ergon Energy and Energex request that a definition for "*Debt raising expenditure"* is included in Workbook 6, Worksheet Definitions given there is a requirement in instructions for Table 6.1.1 to report debt raising expenditure as a separate expenditure category for the Distribution business.
WORKBOOK 7 - CAPITAL EXPENDITURE • Distribution Business • Standard Control • Alternative Control • New Data Collections	***Worksheet: Alternative Control Services, Table Name: Capex by purpose and Related party margin*** There is an error in the formulas at cells H9 to H18 as it contains #REF!, the formula requires amending to replace #REF!, with column O cells to include Connection services in totals. ***Worksheet: Definitions: Term: Sub transmission line*** As we have distribution transformers connected directly to the 33kV network, we request the sub transmission line definition is amended as follows: • "A distribution line with a nominal voltage that is at or above 33 kV and connects a subtransmission substation to a zone substation, or one zone substation to another substation at their higher voltage. Includes all connected lines and cables from the point of origin to the normally-open points or line/cable terminations." Where distribution

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	substations are connected directly to a subtransmission line, the line remains categorised as a subtransmission line. ***Worksheet: Definitions: Term: HV feeder*** Ergon Energy and Energex refer the AER to our requests for definition amendments in our response at Workbook 2 – Operational Outputs above.
WORKBOOK 8 - ASSET BASE VALUES • Standard Control • Alternative Control • Network services	
WORKBOOK 9 - REVENUE AND FINANCIAL STATEMENTS • Distribution Business • Standard Control • Alternative Control • Other Services • Total expenditure • Provisions	***Worksheet: Provisions, Table Name: Total Provisions*** Can the AER please confirm if the Total Provisions Table for Standard Control Services will be amended to include inbuilt formulas for the sum of individual provisions. Currently text is displayed as, '=sum of individual provisions' for opex and capex components in Cells H6 – H23 for: • OPENING BALANCE (the carrying amount at the beginning of the period) • Additional provisions made in the period, including increases to existing provisions

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	• Amounts used (that is, incurred and charged against the provision) during the period • Unused amounts reversed during the period • The increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate. ***Worksheet: Definitions: Term: Sub transmission line*** Ergon Energy and Energex refer the AER to our requests for definition amendments in our response at Workbook 7 – Capital Expenditure above. ***Worksheet: Definitions: Term: HV feeder*** Ergon Energy and Energex refer the AER to our requests for definition amendments in our response at Workbook 2 – Operational Outputs above.
WORKBOOK 10 – PRICES Connections and public lighting	

3.9 APPENDIX B: GENERAL DEFINITIONS

Ergon Energy and Energex request that the AER consider our proposed amendments outlined below in relation to Appendix B – General Definitions.

actual information

The definition for 'actual information' incorrectly refers to the 'notice' and requires changing to 'order'.

estimated information

The definition for 'estimated information' incorrectly refers to 'Ausgrid's' historical accounting records. As such, please amend to the 'regulated network service provider'.

basis of preparation

There is a spelling error, and it should be 'description'.

material (material change)

In our opinion, the reference to the withdrawn Accounting Standard AASB 1031 should be replaced with IAS 1 Presentation of Financial Statements. The accounting standard that the material definition is based upon has been withdrawn by the Australian Accounting Standards Board (AASB) in issuing Exposure Draft 243 Withdrawal of AASB 1031 Materiality, June 2013. This was made in light of guidance on materiality available in existing Australian Accounting Standards, the revised International Accounting Standards Board (IASB) Conceptual Framework for Financial Reporting and the AASB's policy of not providing unnecessary local guidance on matters covered by International Financial Reporting Standards (IFRSs).

The IASB issued a Definition of Material (Amendments to IAS 1 and IAS 8) in October 2018. The amendments refine the definition of material in IAS 1 Presentation of Financial Statements and align the definitions used across IFRS Standards and other publications. The amended definition of material states:

- Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments are effective from 1 January 2020 and are required to be applied prospectively. Early application is permitted.

As such, we request the following amended definition:

- Information is material if its omission, misstatement or non-disclosure has the potential, individually or collectively to influence the economic decisions of users (including the AER) taken on the basis of the information provided in accordance with the Order. This definition is based on the definition of materiality in IAS 1 Presentation of Financial Statements. This international accounting standard provides context for the interpretation of this definition of materiality.