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Submitted via email: [networksinformation@aer.gov.au](mailto:networksinformation@aer.gov.au)

Dear Dr Funston

### **Network information requirements review – Preliminary annual information orders**

Essential Energy appreciates the opportunity to respond to the Australian Energy Regulator (AER) on its *Network information requirements review – Preliminary annual information orders*, also referred to as Regulatory Information Orders (RIOs). Whilst we have prepared our own submission, we also support the submission made by Energy Networks Australia (ENA).

We appreciate the commitment made by the AER to consult on such a significant change to information requirements. The form of our submission comprises general feedback in this letter, and specific workbook data feedback contained in **Appendix A**.

We are comfortable with the incorporation of the interest expense and tax information for profitability purposes, as it aligns with equivalent information that has been collected via information requests over recent years. The proposal to exempt certain pieces of data for audit and assurance is welcomed, particularly for export data. Given that this is an emerging area, networks need time to develop various types of information that will provide useful to stakeholders and the AER. The introduction of a standardised basis of preparation template is also appreciated. This improves the consistency and understanding of information both between and within network businesses.

#### **Timing**

Essential Energy suggests that the proposal for the first year of the RIOs to be 2023-24 is premature, given that the final RIO will not be published until September 2023, after that financial year has commenced. The timing does not allow for any potential data or system changes to be implemented in advance of 1 July 2023.

Schedule 1 in the Preliminary order requests that some indicative data for Guaranteed Service Levels (GSLs) be provided by 30 September each year, with the final GSL data and the rest of the RIO to be supplied by 31 October. This splitting of information is problematic as each of the submissions will require its own internal approval processes/timelines, and separate statutory declarations. – this is not efficient, and there is no rationale provided for the early provision of the indicative GSL data. We suggest that the AER rely on the information supplied only in the RIO.

We also suggest that the current timeline of October submission of RIO's could be moved to November, with networks still aiming for an October submission. This should ensure that if there are any unique delays for networks, that it is not a major issue. We anticipate an exemption for a delay would be more difficult than if an extension is needed under the current Regulatory Information Notices (RINs).

## Efficiency

Previous submissions from networks had requested that the AER use this opportunity to review and justify the genuine need for each type of data (as per Appendix A of the Explanatory Statement). A review and justification by the relevant AER teams, will ensure that the AER is being efficient and not requiring unnecessary information from networks - for which costs are borne by customers. This has not been addressed.

We consider it important to note that not all data, and information requests are created equal. AER requests can broadly fall into one of three categories, for example, easy, medium, or difficult. These have a flow-on impact to the cost of complying with the requests, which customers ultimately bear.

- Easy data requests are those where the data is readily available, in the format requested, as part of our business-as-usual operations. This data can be provided at very little cost to customers.
- Medium data requests are those that most of the data is available in other formats, extracted and adjusted slightly to meet the specific requirements of the request. This takes some time, but because the data is generally available, it is relatively low cost.
- Difficult requests are those that require a high level of judgement and need to be considered, and sometimes interpreted, subjectively. These requests usually require the manual sorting and extraction of information in our systems, and significant interpretation or adjusting of that information into the data format requested. Alternatively, the data may not exist at all, and requires development to fulfill the request, with the necessary checks and balances required.

For context, sometimes it may be about changing an IT system, but the processes and people creating the data also need to change, which is why it becomes so complex. An example could be a data source that comes from the field – across our industry that is thousands of field workers that may need to capture something differently, in a changed process, to feed into a changed system.

While we consider that data provision is vital for transparency, effective governance and regulation, each additional request is also accompanied by a variable marginal cost, which increases the regulatory burden, the direct costs of which are borne by customers. The benefits of data and information requested, in terms of driving efficiencies, should exceed the costs of provision. The AER therefore has a responsibility to understand the cost impacts of requests to ensure the objectives of data and information request – and the National Electricity Objective (NEO) – are met. The ability to work out the marginal cost of providing extra data is a complex piece of work, which Essential Energy has not yet undertaken. However, we are considering the options of providing some level of categorisation based on the difficulty of providing different types of data. This information will provide us with a degree of likelihood around high-level cost impacts when various types of data are requested. We consider that this work is important to demonstrate the impact of the AER's information requests and the considerable resources that are devoted to some of the more labour-intensive data requests.

Section 4.2 requests a list and description of “*all internal plans, policies, procedures and strategies that are used by it to plan and conduct its day-to-day operations and that have been relied upon in the development of its annual response to the Order.*” This is a new requirement and appears to be a duplication with information supplied as part of the reset RIN. Furthermore, it also requires information on the reason for, and impact of, any change in any of these documents over the year. Collating this amount of information and providing this level of detail is very time-consuming and will be very costly. There is no explanation of the reason for this new information, and the benefit that this will provide to the AER (and customers). We suggest that these requirements are removed unless the AER can provide evidence of why this is now needed and demonstrate that the benefits of this information exceed the costs to networks and their customers.

The requirements for supporting information for the Demand Management Incentive Scheme (DMIS) and Demand Management Innovation Allowance Mechanism (DMIAM) (4.10 and 4.11), reflect the current RIN. However, there appears to be a significant amount of duplication with requirements of the relevant compliance reports which are already specified in the Schemes. We suggest that these supporting information requirements could be reduced and merely note, if there are values for DMIAM or DMIS submitted in the workbooks, that compliance reports are to be completed and submitted in line with the Scheme requirements.

The new requirements to report on safety appear to be requests for more data without any reason why. Safety falls under jurisdictional regulators, with Essential Energy reporting under NSW, ACT and QLD regulations. Given that there also appear to be differences in definitions we suggest that the requirement for this data will cause confusion within networks and with jurisdictional regulators. This appears to be an attempt to duplicate jurisdictional safety reporting somewhat and there is no apparent reason why this data is required by the AER.

### Export services

Networks have recently been dealing with multiple teams from the AER in relation to export services, with a spectrum of information being requested - from the capex team, network performance, and from the RIO team. These requests appear to have unrelated but overlapping timeframes and objectives. From the overlapping requests, it appears that these teams are unaware of what other teams are requesting, or asking to be developed. It is causing significant re-work and confusion within networks. It would be much more efficient for networks and the AER if a single AER team took the lead on setting the export services data requirements, and working with networks on them - we suggest that this should be the RIO team.

In relation to the export services data being requested for the RIO, we continue to flag that we will struggle to populate it accurately for some time – particularly around capacity and volume data, however, apart from export complaints, we do not believe that any of the requests look unreasonable. To begin with, this information may have to be somewhat theoretical, but any assumptions will be documented. The exports complaints data, on the other hand, which we note that according to Section 6.4 of the preliminary orders, will not be auditable, will be very time consuming, require significant levels of judgment, manual extraction and review. In some cases, the duration, from the initial complaint to resolution (when the complaint is formally categorised), can take weeks, with the data being held in different systems. We are unsure what the AER intends to achieve with this data and there may be better data available, or pathways developed to create the data, to assist the AER with its objectives. In previous submissions we have suggested that the AER workshop with networks on its objectives to develop the necessary data sets to ensure data provided is consistent, comparable and reliable. The AER has indicated a willingness to do so. Until then, it is not appropriate that the RIOs include these data requirements.

### RINs

It is proposed that the Customer Service Incentive Scheme (CSIS) information is excluded from the RIO and that a separate RIN is required for this incentive scheme. Essential Energy does not believe that a separate RIN is necessary or efficient – there should be capacity within the RIOs for networks to enter their bespoke CSIS parameters and outcomes. The explanatory document (page six) notes that the Orders allow for accommodation of different services/environments, and we consider that CSIS should be accommodated, with gaps for networks to insert the relevant information. To require a separate RIN just for the CSIS each year, means a duplication in internal approvals/ statutory declarations, for no apparent reason. Essential Energy suggests that a RIN, in addition to the RIO process, should be exceptional and not incorporated into the standard process.

We look forward to continuing to work collaboratively with the AER on the significant changes in information requirements. If you have any queries regarding this submission, please contact our Network Regulation Manager, [REDACTED] on [REDACTED] or via [REDACTED]  
[REDACTED]

Yours sincerely

[REDACTED]

Natalie Lindsay  
Head of Regulatory Affairs

RIO reference	Comments
<b>Data Workbook 02: Operational Outputs</b>	
Other Outputs - rows 73-75	Essential Energy does not directly categorise individual fees under energisation, de-energisation or re-energisation, there are however multiple fees under reconnection and disconnection.  Will we be required to group the reconnection and disconnection services under these three categories and exclude from "Other – fee based services"?
Other Outputs	Connection Services are called out as a separate category in workbooks Data Category 6 and Data Category 7 on the "Alternative Control" tabs - should they be separate under "Other Outputs" too?  Or should Connection Services be excluded from "Other outputs" meaning there will be no volumes for ANS - Connection Services?
Other Outputs - Asset replacement and maintenance activities	For conductors, we have historically provided this as km - should some of the items in this section be measured by 'circuit line length in km' rather than 'number'? That would align with measures currently in place and also with the RIO Asset Augmentation activities section.
Operational Outputs - export service	Export service - we only store export capacity as KW rather than KVA
Operational Outputs - energy delivered by CR Tariff & NCR Tariff	We are currently unable to split this by invoiced consumption by meter type (we can only do by customer numbers)
<b>Data Workbook 03: Network metrics</b>	
Volumes - Asset Age Profile	For asset age profile, Conductors are currently reported in km, rather than numbers - should this measure be 'circuit line length in km'?
Length	Service area factors - in the changes summary it indicates that this section is to be removed? Furthermore, for this section Route line length is now split into Urban-CBD and Rural but this differentiation is not defined.
<b>Data Workbook 04: Customer numbers</b>	
Customers - STPIS by feeder	This is a complex piece of work to provide customer numbers at the start and at the end of periods by feeder, and then by Urban/Short Rural/Long Rural.
Customer numbers - Customers by Tariff	CR and NR - these customer numbers are at end of period, so will not align with consumption in Workbook 2
<b>Data Workbook 05: Service performance</b>	
CSIS	Customer Service Incentive Scheme data requirements will not be included in the Order but instead in a RIN for the relevant DNSPs. This is a duplication of process - would be better to have CSIS metrics inside the RIO - with blanks for networks to complete their individual metrics, as approved by the AER
Changes Summary & Definitions -urban feeder	The change in definition for an urban feeder refers to - an average maximum demand over the reporting period, changing to an average over 3 years. For NSW distributors this is based on reporting period not 3 years, as per IPART licence conditions.
Other service measures	Export capacity is noted in MVA whereas we record it in MW
<b>Data Workbook 06: Operational expenditure</b>	
Alternative Control - column N	Are all fees under ANS Connection Services (per the Framework & Approach section 2.2.4 Connection services) to be reported under the Connection Services category?
Alternative Control	Essential Energy's ANS connection services are a mix of fee based and quoted - are they supposed to be combined under column N with no split?

RIO reference	Comments
Alternative Control	Should Energisation, De-energisation and Re-energisation fee based services be reported under "Connection Services"?
<b>Data Workbook 08: Asset base values</b>	
Standard control - cell E15 Indicative Total RAB (within period) - cell E25 Indicative TAB (within period)	The definition is unclear. We think it might mean taking the forecast RAB/TAB from the "Assets" tab of the final approved SCS PTRM. However, we are not sure what updates would then need to be made to the forecast, and how in practice this would be done. It is possibly really simple but some more explanation is required as we wouldn't know what to include if it was being completed today.
Changes summary - cell E35	Unclear what the January 2023 definition means. It says that the Benchmarking Asset Base does not align with the RAB, but it does. It is basically the RAB disaggregated into the various EB3.3 asset categories.
Definitions - cell C18	This says to include both Type 1 and Type 2 capital contributions. Presumably though, only Type 1 Capital Contributions are included in the RFM input tab? Maybe the definition could be updated to specify this, as it is always an area that causes confusion.
Alternative control - cell E16 Indicative Total RAB (within period)	The definition is unclear. We think it might mean taking the forecast RAB from the "Assets" tab of the final approved Metering PTRM. However, we are not sure what updates would then need to be made to the forecast, and how in practice this would be done. It is possibly really simple but some more explanation is required as we wouldn't know what to include if it was being completed today.
Alternative control - cell E26 Indicative Total RAB (within period)	We don't have a RAB for Public Lighting, so not sure how we could complete this section.