

10 May 2022

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

Dear Dr Funston,

Network Information Requirements Review

SA Power Networks welcomes the opportunity to comment on the Australian Energy Regulator's (AER's) Network Information Requirements Review discussion paper, released for consultation on 23 March 2022.

This review focuses on the annual information collected from regulated electricity networks, through Regulatory Information Notices (RIN), AER Information Requests and Annual Pricing Proposals. We strongly support the AER's review of information requirements, noting the significant resource and cost burden for network service providers due to these requirements.

To minimise data collection and audit costs, which are ultimately passed through to customers, we encourage the AER to critically review all of the data requested and remove data that is not used for performance reporting or to inform regulatory decision making. We consider the discussion topics from the AER's discussion paper below.

New regulatory information instrument

The AER has information gathering powers, under the National Electricity Law (NEL), to collect information needed to undertake its regulatory functions. The AER currently issues RINs to individual network businesses, with changes consulted on with the receiving party. The current RINs are due to expire 30 June 2024.

The AER is proposing to replace the existing RINs with Regulatory Information Orders (RIOs), which would be served on a class of participants. Under a RIO, the AER will be obliged to conduct broader industry consultation for both the introduction of the RIO and for future changes to the orders. The RIO is expected to increase data consistency as all participants are subject to the same information requirements, with the same instructions and definitions.

SA Power Networks generally supports the move to RIOs for collection of regulatory information, recognising that the AER will need to consider how jurisdictional differences will be catered for. The move to a RIO should not increase the administrative burden on network service providers in preparing and submitting network information to the AER.

Data Requirements

SA Power Networks allocates significant resources to the preparation of regulatory reports each year. For the 2020/21 RINs, SA Power Networks had over 70 employees engaged in the preparation, collation and verification of data for submission to the AER.

SA Power Networks strongly supports the AER updating its data model to:

- Eliminate duplication and redundant requirements;
- Standardise concepts and definitions;
- Document data validation rules;
- Enable crosschecking of data within data categories; and
- Capture new data requirements, where this data is deemed necessary for performance reporting or to support regulatory decision making.

As part of this review, the AER has developed a new data structure, which focuses on the type of data being collected, rather than the type of regulatory information notice or purpose for which it is collected. The proposed data structure will reduce duplication of data, where similar data was previously reported across multiple RIN templates. We are supportive of this removal of duplication.

We note that the new data model has also resulted in some disaggregation of data, for example fleet data is now captured across 5 different workbooks. We are concerned that this disaggregation of data may add additional administrative burden to the validation process, particularly where financial and volume data is presented in different worksheets. Reasonableness testing is normally carried out on data prior to submission, including assessment of whether a material movement in expenditure is associated with a similar movement in volumes. Where expenditure data is intrinsically linked to volumes, we would prefer this data continue to be reported (or be visible) within the same reporting tables to assist with data validation processes.

The AER has identified a number of new data requirements within the proposed templates, with some of these still under development. We have not reviewed all of these new data elements in detail as part of this submission. Where new data requirements are proposed we encourage the AER to further consult with network service providers to ensure that the data is available and can be provided in the form required. This consultation should also consider the timing for commencement of reporting.

We have also noticed there is an increase in the data reporting requirements within the new data model, with a greater level of granularity of data proposed to be reported in some cases. SA Power Networks has identified the following instances where additional data reporting obligations are proposed:

- Total expenditure (totex) by type is reported in the Category Analysis RIN – Table 2.12 Input Tables. In the new data model, this data is proposed be reported separately in the operating expenditure and capital expenditure templates, rather than reported at a totex level;
- Connection data provided in the Category Analysis RIN – Table 2.5.2, has been further broken down to overhead and underground connection categories with the new data model¹;
- Capital contribution data is proposed to be reported by connection type as part of the new capital expenditure templates². Capital contributions are not currently reported separately within connections data provided in the Category Analysis RIN – Table 2.5.2;

¹ Consultation Workbook – Distribution – Data category 02 Operational outputs - Connections

² Consultation Workbook – Distribution – Data category 07 Capital expenditure - SCS



- Maintenance data previously reported in the Category Analysis RIN – Table 2.8.1 is proposed to be separately reported for Standard Control Services, Alternative Control Services and Network Services³, previously this data was only reported for Standard Control Services; and
- The new data model proposes customers by feeder be reported separately for metered and unmetered customers⁴. SA Power Networks does not record unmetered customers at a feeder level. Historically this has been a noted variation in reported total customer numbers in the Economic Benchmarking RIN between Table 3.4.2.1 – Distribution customer numbers by customer type or class and Table 3.4.2.2 – Distribution customer numbers by location on the network, with unmetered customer numbers only reported in Table 3.4.2.1. If unmetered customer data was required to be reported separately at a feeder level, this data would need to be estimated.

We encourage the AER to conduct a detailed review of the proposed data model templates, in particular reviewing the additional data requested to confirm that the proposed level of data reporting is actually required to support performance reporting or to inform regulatory decision making.

One of the AER's objectives of the new data model is to standardise concepts and definitions. SA Power Networks has identified that there are variations in the definition of concepts between some of the consultation workbooks. For example, metered customer, unmetered customer, active NMI, inactive NMI and deactivated NMI are defined differently between Consultation Workbook – Distribution – Data category 02 Operational outputs and Consultation Workbook – Distribution – Data category 04 Customer Numbers. We also note that the definition of Total Customers is not consistent with the current definition reported within the RINs. Metered customers are defined to include active NMIs, inactive NMIs and deactivated NMIs, where deactivated NMIs include NMIs that have been permanently disconnected⁵. The customer number definition within the Economic Benchmarking RIN specifically excludes extinct NMIs⁶. We recommend definitions are reviewed and updated to ensure they are aligned with reporting expectations and are consistent between workbooks.

The new data model proposes updates to the data reported for supply interruptions⁷, where the raw interruption to supply data is intended to be used to derive the supply interruption metrics (System Average Interruption Frequency Index (SAIFI) and System Average Interruption Duration Index (SAIDI)) previously reported in the Economic Benchmarking and Annual Reporting RINs. SA Power Networks is concerned that the data reported may not provide adequate detail to correctly ascertain if the outage has both a SAIDI and SAIFI impact or just a SAIDI impact. For example, when restoring electricity supply to customers resulting from a fault on the distribution system, some customers may have their electricity supply restored prior to the fault being repaired and then experience subsequent outage(s) when the fault is repaired and electricity supply is restored. Any supply outage required to restore customers' electricity supply, will contribute towards the SAIDI calculation for the initial outage and not be treated as a separate outage. To do otherwise would overstate the SAIFI impact of that interruption. Noting the complexity of these calculations, and that an interruption and supply restoration may span over multiple days, it may be prudent for distribution service providers to continue to provide average duration metric outcomes. Alternatively additional data fields would need to be provided within the raw interruption data to enable the AER to perform the calculations effectively.

³ Consultation Workbook – Distribution – Data category 03 Network metrics - Age

⁴ Consultation Workbook – Distribution – Data category 04 Customer numbers – Customers by feeder

⁵ Consultation Workbook – Distribution – Data category 02 Operational outputs

⁶ Economic benchmarking RIN for distribution network service providers, Instructions and Definitions, SA Power Networks, November 2013, Table 5.2 Customer Numbers, page 30

⁷ Consultation Workbook – Distribution – Data category 05 Service performance – Interruptions



Other information requirements

SA Power Networks is supportive of the AER minimising non-data reporting included within the annual information requirements, noting a lot of this data is available to the AER through other mechanisms and does not change frequently. Reduction in non-data requirements will reduce the annual administrative burden for network service providers in preparing data for submission.

We also support the development of a standardised basis of preparation, to be developed in collaboration with network service providers. Key considerations in the development of a standardised basis of preparation include:

- Ease of use for network service providers and stakeholders;
- Clear linkage between the data and the basis of preparation; and
- Flexibility to be able to assign the basis of preparation to different data levels, for example to a data category level or an individual data element level.

A number of network service providers are using the Rosetta Analytics RIN portal for the preparation of annual RIN reporting data. This portal includes templates to prepare the basis of preparation for submission to the AER. Noting the number of businesses already using this template, this may be an appropriate base for development of an industry wide basis of preparation template.

Information assurance

RIN data submitted to the AER must be accompanied by an independent assurance report, where:

- Actual financial information is audited in accordance with the Australian Auditing Standards ASA 805 [Special considerations] – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement;
- Estimated financial information is reviewed in accordance with Australian Auditing Standards on Review Engagements ASRE 2405 Review of Historical Financial Information Other than a Financial Report; and
- Non-financial information is reviewed in accordance with Australian Standard on Assurance Engagements ASAE 3000 Assurance engagements other than audits or reviews of historical financial information.

SA Power Networks acknowledges the need to continue to provide independent assurance over network information where this information is relied upon for performance reporting and regulatory decision making purposes. We encourage the AER to consider opportunities to reduce assurance obligations, where there is potential to realise cost savings for customers without compromising on data quality.

Due to the varying nature of RIN data reported to the AER on an annual basis, SA Power Networks engages 3 different audit agencies to provide independent assurance over the data provided. We also note for the 2020/21 RIN submission, at least 25% of SA Power Networks' Category Analysis and Economic Benchmarking RIN data was estimated, with actual information not available. In determining the ongoing assurance obligations, the AER should consider the nature of the information provided and how this information is being relied upon. A lower level of assurance could be used for subsets of data provided, where that data is not actively used in performance reporting or to inform regulatory decision making, resulting in lower costs for customers.



Updating information requirements

The AER is proposing a 4-yearly formal review cycle for network information requirements. We support the implementation of a formal review cycle, with this review to be conducted every 4 or 5 years. This formal review should ensure the network information provided aligns with current and proposed performance reporting obligations and continues to support regulatory decision making.

New reporting requirements should be developed in collaboration with network service providers, including consideration of reporting commencement dates. Data may not currently be available or captured in a way that enables this information to be reported to the AER, and therefore may not be able to be reported retrospectively.

While our preference is to restrict updates to network information requirements to a 4-5 year review cycle, we understand there will be times when new data may be required to be collected outside of this cycle. We support this information being collected as part of an AER information request, where the requirements are developed collaboratively with network service providers. These data requirements would then be formally included within the regulatory reporting instrument during the next scheduled review.

Information exchange

We support the AER's plan to develop an information exchange portal or system in collaboration with network service providers to streamline the process for submitting network information to the AER. This solution should support a two-way flow of information, providing capability for information to be uploaded by network service providers in a secure way and enabling industry participants to extract available information as may be required from time to time. Confidential information needs to be clearly identified, with this data restricted so it can only be viewed and/or extracted by the AER and the individual network service provider submitting the data.

Transitional arrangements may be required, allowing network service providers to continue to submit data through alternate means (eg spreadsheet templates) where a technical solution is not available. These transitional arrangements may be required for an extended period of time (e.g. up to 5 years), where funding to implement a technical solution may need to form part of the network service provider's next regulatory revenue determination.

We strongly support the review of network information requirements and look forward to working with the AER and other stakeholders as review progresses. If you have any queries or require further information in relation to our submission, please contact Debbie Voltz on [REDACTED] or [REDACTED].

Yours sincerely

[REDACTED]

Patrick Makinson

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