

31 October 2025

Network Performance Reporting
Australian Energy Regulator
Level 16, 2 Lonsdale Street
Melbourne Victoria 3000

Dear Sir or Madam

Ausgrid welcomes the opportunity to respond to the AER's consultation paper on network performance reporting for regulated electricity and gas networks. We appreciate the AER's efforts to improve the transparency, accountability, and relevance of network performance reporting, particularly as the sector undergoes significant transformation to support Australia's energy transition.

Ausgrid supports the AER's objectives to provide accessible, transparent, and robust performance reporting. However, we do have some suggested updates that we believe will improve the report so it remains fit-for-purpose in a rapidly changing industry. Our key positions are summarised below:

- The current reporting is largely based on a one-directional network paradigm, which does not reflect the realities of modern Distribution Network Service Providers (**DNSPs**). We recommend that the AER incorporate metrics that capture DNSPs' contributions to system-wide efficiency, CER integration, and energy efficiency.
- The reporting should focus on how DNSPs create system-wide economic value, even if traditional metrics decline.
- Ausgrid supports the integration of export service performance reporting into the annual report.
- Ausgrid supports the proposed new priorities for 'Emission reduction targets' and 'Export services'.
- The proposed objectives and priorities for network performance reporting are broadly appropriate, but should be underpinned by robust data and meaningful metrics.

Ausgrid's detailed responses to the AER's consultation questions are attached in Appendix 1.

If you have any questions please contact [REDACTED], [REDACTED], at [REDACTED].

Yours sincerely,

Regards,

[REDACTED]

[REDACTED]
[REDACTED]

Appendix 1: Ausgrid's Responses to AER's Questions

Question Number	Question	Ausgrid's Response
1	What are your views on the accessibility of our network performance reporting? How could we improve our network performance reporting to make the information more accessible or insightful?	To improve the accessibility and usefulness of network performance reporting, we support the AER moving towards interactive dashboards. Presenting the data through interactive tools such as Power BI would allow stakeholders to explore and analyse performance metrics more intuitively and in greater depth.
2	What are your views on the current analysis and insights in our electricity and gas network performance reports? Does the analysis and insights provide relevant and valuable information for stakeholders to assess NSP performance?	The reports provide generally insightful information. However, they are still dominated by an underpinning model still dominated by a one-directional network, which is no longer the reality for modern DNSPs. This approach does not sufficiently recognise DNSPs' efforts that support the energy transition, such as enabling CER and promoting energy efficiency, by misinterpreting these actions as reductions in output. The insights could be further improved if the assessment of a DNSP's performance and contribution to system-wide efficiency and consumer benefits are more accurately reflected (suggested alternative metrics are provided in response to Q3).
3	How could we expand our analysis and insights in our electricity and gas network performance reports? What additional analysis or insights would be relevant and valuable to stakeholders?	<p>To become more relevant, the reports should include analysis and insights that properly account for a DNSP's role in the energy transition. We encourage the AER to incorporate metrics that capture activities related to:</p> <ul style="list-style-type: none"> • CER integration: Incorporate analysis of emerging trends such as increasing CER uptake, electrification of transport, heating and appliances, managing EV charging, demand-side initiatives (e.g., peak shaving), and improvements in load factor. • Impact of weather events: extreme weather events experienced by networks increasing and analysis of resilience-related capex/opex (proposal and actual). <p>The framework should be reviewed to ensure it remains fit-for-purpose. Analysis should focus on how DNSPs are creating system-wide economic value by deferring investments and improving customer service, even if traditional metrics like energy throughput decline. Because of the omission of these variables, the reports do not sufficiently recognise businesses leading the transition.</p> <p>Ausgrid supports the AER exploring new utilisation metrics, such as Total Energy Throughput Utilisation (TETU) and Two-way power flow utilisation (TPFU), to better reflect how customers are using the network in a high CER/DER future. TETU measures how much <i>useful energy</i> can you get through the network as a proportion of the theoretical potential.</p>

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		However, if introduced, the AER should ensure these metrics are clearly explained and consistently interpreted. For example, utilisation percentages under TETU may appear lower than traditional measures, not due to inefficiency, but because they use a different benchmark. ¹ To ensure consistency between DNSPs with a common starting point, we suggest that all DNSPs start with an index of 1 with the metric measuring the annual percentage difference from the previous year.
4	What analysis could be excluded from our electricity and gas network performance reports? Would you prefer data only reports that present minimal or no analysis or insights?	Ausgrid does not advocate for data-only reports. Analysis and insights are valuable, provided they are based on a sound, relevant, and credible methodology. Context is particularly important for the financial performance metrics. For example, the network performance report has been used as a basis for making misleading claims regarding profitability, and without the AER's explanations properly explaining how the regulatory framework compensates and incentivises network businesses, those claims would continue without the proper facts being available as a counterpoint.
5	What are your views on the operational and financial data we currently report in our electricity and gas network performance reports? Does this operational and financial data provide relevant and valuable information to assess NSP performance?	The data is generally relevant and valuable, noting our comments above regarding potential improvements.
6	What are the emerging trends and issues that we could include in our future electricity and gas network performance reports?	As noted above, future reports could address the integration of CER and demand-side management. The AER's approach should move beyond its one-directional focus. We support the AER's proposal to introduce new priorities for 'Emission reduction targets' and 'Export services'.

¹ As the UTS report notes: "The TETU figures calculated are lower than the traditional metric... This is neither good nor bad, but is a function of using a different benchmark... the metric behaves as desired in response to increased solar, battery storage and load shifting... This contrasts with the traditional utilisation metric which may go down, producing an apparent decline in productivity." (p. 6: https://www.uts.edu.au/globalassets/sites/default/files/2025-01/UTS_Network-Utilisation-Metrics_Final-Report_v1.2.pdf)

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	What new information should we collect to assess NSP performance in the energy transition?	Given the AER's proposal to report on NSPs' performance in relation to jurisdictional schemes—where such performance contributes to achieving greenhouse gas emissions reduction targets—any new data collected should be supported by clear definitions and methodologies from the AER to ensure consistent reporting across networks
7	What information is no longer relevant in the assessment of NSP performance? Why is this information no longer relevant?	We consider the RAB multiple to be increasingly limited in its relevance as a performance metric for DNSPs. Historically, it provided a useful proxy for market valuation relative to the regulated asset base. However, in the current environment, there are no longer meaningful trading multiples available for DNSPs, and transactional multiples are generally kept confidential, thereby raising doubts about the value of such a metric.
8	What are your views on our current operational and financial performance datasets? Do they provide the information necessary to assess NSP performance? Is the information presented effectively for your analysis?	<p>The current operational and financial performance data sets are informed by DNSPs' annual RIN/RIO submissions. To improve the reliability and efficiency of stakeholder analysis, the AER should ensure that the datasets used in performance reporting are accurately aligned with the most up-to-date RIN/RIO data, including any resubmissions by DNSPs. This would help minimise the time spent reconciling discrepancies and verifying data accuracy.</p> <p>Additionally, while the sector-wide insights presented in the reports are valuable, they may not always be applicable to individual DNSPs due to differences in network characteristics, operating environments, and business strategies. Variations in how DNSPs interpret and report data can also influence comparative results, potentially leading to misinterpretation if not properly contextualised. Greater transparency around data definitions, assumptions, and any normalisation applied would enhance the utility of the datasets and support more meaningful performance assessments.</p>
9	What are your views on our proposed plan to reduce the historical time series in our datasets to only include operational performance data from the 2014 regulatory year?	<p>While we acknowledge the AER's intention to streamline the dataset, we note that the draft report does not provide a clear rationale for limiting operational performance data to only the 2014 regulatory year onwards. If this proposal is driven by concerns about data quality or consistency in pre-2014 submissions, it would be helpful for stakeholders to understand the specific issues involved.</p> <p>Importantly, this approach is not consistent with the data series used for Economic Benchmarking, which currently incorporates data from 2006 for electricity NSPs. DNSPs are also required to backcast historical data to 2006 for benchmarking purposes. Reducing the operational performance dataset to post-2014 data risks creating inconsistencies between datasets used for performance reporting and those used for benchmarking, potentially undermining the comparability and integrity of analysis across regulatory processes.</p>

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		We recommend that the AER either maintain the longer time series for operational performance data, or provide a detailed explanation of the reasons for the proposed change, including any data quality concerns. Where possible, alignment between performance reporting and benchmarking datasets should be prioritised to support robust and consistent analysis.
10	What are your views on our current electricity and gas infographics? What changes or improvements could be made to the infographics?	<p>The AER's infographics are a valuable and informative resource. However, with respect to the infographic on Return on Regulated Equity (RoRE), it would benefit from greater clarity regarding the impact of actual inflation versus forecast inflation. Stakeholders who rely solely on the infographic, without consulting the accompanying report, may be misled into interpreting network profitability as excessive, when in fact the outcome reflects elevated inflation under the AER's bespoke RoRE calculation.</p> <p>Similarly, further clarification is warranted in relation to the network utilisation measure. If the AER continues to publish its current metric, the infographic should explicitly note that it represents an incomplete measure—particularly in the context of increasing CER.</p>
11	What are your views on our proposed plan to integrate our export services network performance reporting into the 2026 Electricity and gas network performance report?	<p>We support the integration of export service performance reporting into the AER's network performance report. This integration is logical given that export service data reporting requirements have already been incorporated into the Annual Information Order alongside other operational and financial performance data used in the annual report. A consolidated approach will enhance the comprehensiveness and coordination of network performance reporting and may improve the timeliness of publication—particularly noting that export service performance data has previously been released in December, whereas the annual performance report is typically published around September.</p> <p>However, this integration should extend beyond a reporting exercise. Export services should be appropriately recognised as a measured output within the benchmarking productivity models. Without such a review, the reporting risks underrepresenting the contribution of export services to network performance.</p>
12	What are your views on our proposed objectives for network performance reporting? Are the proposed objectives appropriate for the applicable NSPs?	<p>The proposed objectives, such as 'Improve transparency', 'Improve accountability', and 'Encourage improved performance', are appropriate and align well with the needs of stakeholders. However, achieving these objectives depends on the robustness of the underlying approach, data and analysis. For example:</p> <ul style="list-style-type: none"> • Transparency requires clear reporting, and consistency and completeness in the datasets. If there are gaps, inconsistencies, or unexplained changes in the data series (such as the proposed reduction in historical time series), stakeholders may find it difficult to interpret trends or compare performance across years and networks.

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		<ul style="list-style-type: none"> • Accountability is strengthened when the data used for performance reporting is accurate, up-to-date, and reflects any resubmissions or corrections from DNSPs. • Encouraging improved performance relies on meaningful metrics and benchmarks. If the framework does not adequately capture the evolving role of DNSPs—such as their efforts in enabling CER and supporting the energy transition—then performance incentives may be misaligned with broader policy goals.
13	Should we have alternative objectives for our network performance reporting? If so, what objectives should be included?	See above.
14	What are your views on our proposed priorities for network performance reporting? Are the proposed priorities appropriate for the applicable NSPs?	The proposed priorities are appropriate, subject to the suggestions above.
15	Should we have alternative priorities for our network performance reporting? If so, what priorities should be included?	See above.