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Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Lodged electronically to networkperformancereporting@aer.gov.au

AER consultation on network performance reporting for regulated electricity and gas networks

Nexa Advisory welcomes the opportunity to contribute to the network performance reporting consultation being undertaken by the Australian Energy Regulator (AER).

Nexa is an advisory firm with an unwavering focus to accelerate the clean energy transition in a way that provides secure, reliable, and affordable power for consumers of all types. Nexa Advisory is a team of experienced specialists in the energy market, policy and regulation design, stakeholder engagement, and advocacy. We work with public and private clients including renewable energy developers, investors and climate impact philanthropists to help them get Australia's clean energy transition done.

The main purpose of the AER's consultation is to improve transparency in the performance reporting of regulated electricity networks, particularly on the two new priorities: emission reduction targets and export services provided by Distribution Network Service Providers.

Network performance reporting is a complex topic given the interactions with other regulatory frameworks faced by network businesses. We are concerned that the AER has only allowed three weeks for this consultation.

Our concern is sharpened by very recent waiver applications that push ring-fencing boundaries - notably Ausgrid's Community Power Network (CPN). The proposal seeks to monetise emissions benefits using the AER's Value of Emissions Reduction (VER) - $42.6m as a cost to be added to the standard control services Regulated Asset Base (RAB) paid for by all customers. We welcome innovation, but this is value that can be delivered by the competitive market without ownership or orchestration by a regulated monopoly network.[1]

The timing and scope suggest this consultation also is poorly targeted; distribution *planning* reporting reforms currently being undertaken by the AEMC[2] will necessitate equivalent shifts in *performance* reporting. Any enduring changes to AER performance reporting made now would risk duplication and misalignment with any changes made through the Integrated Distribution System Planning reforms. This is true for both new priority areas proposed by the AER – emissions reduction and export services. It may be appropriate not to make pre-emptive changes to the network reporting guidelines when the network data that will be reported on is likely to change in the near future.

[1] Nexa Advisory, Submission on Ausgrid's Community Power Network Trial Waiver Application
[2] AEMC, Integrated distribution system planning directions paper, 16 October 2025

Performance reporting on emissions reduction should not empower DNSPs to pursue solutions which add unnecessary network costs paid for by consumers

We support the inclusion of emissions reduction in the National Electricity Objectives (NEO) – but this must be implemented in the long-term interests of consumers.

The AER itself acknowledges "a degree of uncertainty as to how NSPs' performance can relate to some schemes or targets set by jurisdiction for reducing, or likely to contribute to reducing, Australia's greenhouse gas emissions", and that current datasets do not contain metrics to assess NSP performance against such targets.

We support the AEMC targets statement mechanism and jurisdictional schemes that will give practical effect to the amended NEO. But reforms aimed at emissions reduction must not be used to justify unnecessary costs for consumers. We consider this consultation is a direct response to the Ausgrid CPN proposal to utilise an emissions reduction value to justify a projects' costs and benefits and then feed this into the RAB to be recovered through regulated returns. We consider that this is not an appropriate use of the value of emissions reductions.

More generally, we consider that competitive markets can deliver those benefits without monopoly ownership - and cannot currently capture the value of emissions reductions in doing so. For example, there are no market-based emissions reduction signals they benefit which these assets can benefit from. It does not follow that monopoly businesses should be entitled to capture emissions reduction value through their RAB in this way.

Performance reporting should prioritise existing network performance gaps

We have previously discussed low distribution network utilisation and lack of tariff innovation by DNSPs, as well as lengthy grid connections faced by third-party Consumer Energy Resources (CER) providers (including for Electric Vehicle Charing Infrastructure - EVCI)[3]. These challenges require broader reforms around the role of DNSPs – but should also be addressed in performance reporting.

We have also discussed that there is a lack of transparency around planning and operational network data – including around hosting capacity, congestion and constraint locations - which can be used to inform investment by competitive CER providers.

As it relates to performance reporting, the operational performance dataset already includes network utilisation. However, we encourage the AER to require DNSPs to provide a clearer picture of underused network capacity, and where service based/non-network solutions can be utilised as an alternative to network augmentation.

The AER should also require greater visibility over the CER curtailment – including technical curtailment associated with the use of the backstop mechanism. This will provide a signal for DNSPs to explore flexibility and non-network solutions, rather than rely on this measure.

[3] Nexa Advisory, Empowering Consumer Energy

Reporting obligations around ring-fencing waivers

The current ring-fencing guidelines and arrangements are failing to protect energy consumers. This is due to the lack of enforcement and monitoring applied by the AER - evident from the approval of waiver applications over the years, including the recent granting of a trial waiver to Citipower, Powercor, and United Energy (CPU).[4]

We note that the AER's waiver conditions specified in its decision rely on CPU's self-reporting and annual disclosures without any independent verification, audit or penalty framework – apart from AER's ability to revoke the waiver. We believe this is also likely to be a failing of any requirement on DNSPs to undertake self-reporting, if there is no associated interrogation of that reporting by independent parties.

Additionally, there are currently limited obligations for the AER and DNSPs to report on any performance objectives of any waivers previously granted. As such, the AER must impose clear reporting obligations regarding compliance with those obligations, to be used in enforcement of these conditions.

Improve reporting on connections processes

There are currently few avenues for reporting of connections processes and negotiation between connecting proponents and DNSPs.

We have previously discussed that CER providers – including public EVCI and Commercial and Industrial (C&I) CER proponents - face unpredictable timeframes and inconsistent requirements/fees, calling for:

- **Standardised, transparent connection timeframes** in negotiating Service Level Agreements (SLA) with connecting parties, enforcing penalties for excessive delays;
- **Streamlined connection requirements and fees** by establishing standardised technical requirements to prevent excessive and unpredictable connection fees; and
- **Flexible connection options** by offering flexible connection arrangements to optimise the use of latent network capacity through controllable load management of smart infrastructure, with customers responding to network forecasts and through clear tariff signals.[5]

We encourage the AER to require greater reporting and transparency around connection processes.

This can be achieved through a Connections Performance reporting category. We consider this should capture:

- Connection type
- Connection fee transparency

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[4] AER, CitiPower, Powercor, and United Energy - Ring-fencing waiver - Electric vehicle charging infrastructure decision, October 2025

[5] Ibid

- Dynamic or flexible connection uptake
- Negotiated connection fees
- Timeframes for both negotiation and connection, alongside end to end timeframe reporting.

It may be appropriate to require DNSPs to report this information separately for specific customer segments - such as public EV charging and C&I CER connection applicants, who are most impacted by these connection processes.

Performance reporting improvements are an important complement to broader regulatory reforms needed to ensure electricity network businesses are operating in line with the National Energy Objectives and in the long-term interest of energy consumers. We consider three weeks does not allow for sufficient genuine engagement and encourage the AER to consider the broader issues raised in this submission before making changes to performance reporting requirements. Additionally, distribution reporting information is critical to demonstrate performance of DNSPs as it relates to the hosting of CER; alignment between current reforms on distribution planning and performance reporting guideline is needed.

Thank you for the opportunity to provide a submission to this consultation. We welcome the opportunity to further discuss any aspect of our submission - please contact either myself on [redacted] or [redacted], [redacted], [redacted].

Yours Sincerely,

[redacted]
Nexa Advisory