

# Explanatory statement

Draft Update to Annual Information Orders 2026-  
28 – electricity networks

March 2026

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AER reference: AER25010870

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# 1 Introduction

This explanatory statement accompanies the Draft Annual Information Orders (draft 2026-28 Orders) the AER will serve on the electricity transmission, interconnectors and distribution networks it regulates.

On 5 April 2024, the AER made Annual Information Orders (Orders) to apply for the reporting years 2024-25 to 2027-28. The Orders impose annual reporting obligations on regulated electricity distribution networks, transmission networks, and interconnectors and are made by the AER using its information gathering powers under the National Electricity Law (NEL).

We are now proposing to amend the Orders to correct for issues and anomalies identified in the 2024-25 annual information submissions responding to the Orders. We have prepared draft 2026-28 Orders to replace the current Orders. The draft 2026-28 Orders will reduce the volume and complexity of issues arising in future information reporting processes. Our proposed updates:

- clarify ambiguous requirements
- rectify information specification errors
- update definitions in the glossary
- address issues requiring an exemption from the current Orders
- help streamline the reporting process by minimising the need for additional guidance.

The updated 2026-28 Orders will incrementally improve in the AER's information requirements and help reduce regulatory burden by increasing the clarity of reporting obligations.

## 1.1 Annual Information Orders – 2026-28 Update

The draft 2026-28 Orders accompanying this explanatory statement update the Orders currently in place and are intended to apply for the reporting years 2026-27 and 2027-28. The AER issued the current Orders on 5 April 2024 to the following classes of electricity networks:

- **Distribution:** regulated distribution system operators that own, control or operate a distribution system located in the Australian Capital Territory, New South Wales, Queensland, South Australia, Tasmania or Victoria
- **Transmission:** regulated transmission system operators that own, control or operate a transmission system located in the Australian Capital Territory, New South Wales, Queensland, South Australia, Tasmania or Victoria
- **Interconnectors:** regulated interconnectors

The Orders as issued, apply to the reporting years 2024-25, 2025-26, 2026-27 and 2027-28.

Each of the electricity networks subject to the Orders provided their first responses by 1 December 2025.<sup>1</sup> However, many network businesses raised issues with the AER as they prepared the material required under the Orders, and the AER provided guidance material to assist the network businesses’ understanding of the requirements. In doing so we identified some errors in data specification, as well as issues with the data submission workbook.

The updated 2026-28 Orders address issues identified during the initial reporting process.

## 1.2 Getting involved

Issuing the draft 2026-28 Orders initiates the public consultation and is a legal requirement in developing regulatory information orders. We are now asking stakeholders to provide feedback on the draft 2026-28 Orders, and we will consider that feedback as we finalise the Orders.

We aim to issue the updated 2026-28 Orders by end June 2026, to apply for the 2026-27 and 2027-28 reporting years. We encourage engagement by all energy sector participants and stakeholders. The decisions we make and the actions we take affect a wide range of individuals, businesses, and organisations. Hearing from those affected by our work helps us make better decisions, provides greater transparency and predictability, and builds trust and confidence in the regulatory regime.

Table 1 sets out the key milestones planned for the completion of this review.<sup>2</sup>

**Table 1.1 Annual Information Orders 2026-27 Update**

Milestone	Date
AER issues Draft Orders (2026-28 Update)	25 March 2026
Consultation on Draft Orders	30 business days – ending 11 May 2026
AER issues Final Annual information Orders	June 2026

In responding to the draft Orders, all stakeholders may suggest additional changes to improve the AER’s information requirements, as well as providing feedback on the changes we are proposing.

## 1.3 Invitation for submissions

We invite energy consumers and other interested parties to make submissions on the draft Annual Information Orders by Monday, 11 May 2026.

Submissions should be emailed to: [networksinformation@aer.gov.au](mailto:networksinformation@aer.gov.au)

Alternatively, submissions may be sent to:

<sup>1</sup> AusNet Services Transmission provided its initial response on 30 July 2025, reflecting its regulatory years, which end on 31 March each year.

<sup>2</sup> Also see the AER website: <https://www.aer.gov.au/industry/registers/resources/instruments/annual-information-orders-2024-25-2027-28>

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We prefer all submissions be publicly available to facilitate an informed and transparent consultative process. We will treat submissions as public documents unless otherwise requested. We will publish all non-confidential submissions on the AER's website. For further information on the AER's use and disclosure of information provided to it, see the [ACCC/AER Information Policy](#).

We request parties wishing to submit confidential information:

- clearly identify the information that is the subject of the confidentiality claim
- provide a non-confidential version of the submission in a form suitable for publication.

## 2 Proposed changes to the Annual Information Orders

The Orders update project is being undertaken to consolidate the AER’s responses to issues identified, correct errors and improve the reporting process in future reporting periods. The project will result in an incremental improvement in the AER’s information requirements and help reduce regulatory burden by increasing the clarity of reporting obligations. The AER has limited its proposed changes to those necessary to:

- reflect AER guidance provided to support the electricity networks prepare the 2024-25, 2025-26 Orders submissions
- include new data requirements that were omitted from the 2024-25 to 2027-28 Orders BUT are currently being sought from the NSPs via an information request
- remove redundant information requirements identified by the AER
- correct errors.

We are not proposing any changes to the classes of persons to whom the Orders apply. We have prepared three updated Annual Information Orders, for electricity transmission networks, electricity distribution networks, and electricity interconnectors. Power and Water Corporation is still excluded from the electricity distribution Order, for the reasons set out in the AER’s decision accompanying the original Orders.<sup>3</sup>

We have also maintained the current end date for the Orders – the last reporting year is 2027-28. This is consistent with enabling a more detailed review of data requirements to support the development of new Orders for 2028-29 and beyond.

### 2.1 New information

#### 2.1.1 Transmission Revenue reporting

We introduced detailed reporting on transmission revenues and pricing information in the 2024-28 Orders. These changes impacted both TNSPs and interconnectors. However, the introduction of new rules (for example concessional financing), and detailed review of 2024-25 annual information responses means we now wish to refine these annual reporting requirements.

We have consulted with transmission networks on possible updates to the revenue information requirements. The amendments we are now proposing include:

- new information requirements to reflect recent AEMC transmission rule changes. For example, by including new revenue adjustment line items to reflect the interconnector cost allocation, concessional finance benefits, and improving security frameworks rule changes

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<sup>3</sup> See: [AER Decision – Annual Information Orders – electricity, April 2024](#), p. 5.

- updating the terms and definitions in the data submission workbooks to better reflect National Energy Rule (NER) terminology
- optimising the reporting of prescribed transmission service revenue adjustments - specifically those made to annual service revenue requirement (ASRR) amounts per NER cl. 6A.23.3
- correcting formulas and links between data tables
- removing redundant information requirements (budgeted revenue from customers).

These amendments are marked up in the data submission workbook, Instructions and glossary. We note the amendments mainly apply to coordinating network service providers within a region, and the data validation rules and instructions are used to clarify which transmission networks are required to provide specific data requirements.

These changes and new data requirements will improve transparency around transmission pricing and revenue outcomes and improve the relevance and consistency of the data we collect.

## 2.1.2 Interconnector cost allocation agreements reporting

In addition to the refinements to the transmission revenue information, we have also undertaken consultation in relation to the cost allocation agreements that apply to interconnectors. This change was consulted on by the AER in April 2025 and finalised in July 2025.<sup>4</sup> The updated information requirement reflects a rule change made by the AEMC to introduce a mechanism to enable the allocation of interconnector cost between interconnected regions. The amended rules now allow for relevant Ministers to enter into interconnector cost allocation agreements.

We have now included new data requirements in the Interconnector Draft 2026-28 Order, as set out in our final decision amending the transmission pricing methodology guidelines.<sup>5</sup> As noted in our explanatory statement to the transmission pricing methodology guidelines, including the requirement in the Orders provides synergies with other annual reporting obligations, given previous reporting instruments are no longer in force.

## 2.1.3 Major event day threshold

Each year the AER assesses information on network interruptions to determine the incentive rewards or penalties under the service target performance incentive scheme (STPIS) for distribution networks. As part of that process, we request the distribution networks to provide us with the calculated 'major event day threshold'.<sup>6</sup> That data request has now been integrated to the draft Orders, to help streamline the annual STPIS process.

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<sup>4</sup> See [AER – Pricing methodology guidelines 2025 – Flexibility in allocating interconnector costs - Overview](#), 3 July 2025.

<sup>5</sup> See [AER – Final decision – Electricity transmission networks service providers – Pricing methodology guidelines](#), 3 July 2025.

<sup>6</sup> A major event day occurs when the impact of interruptions on customers exceeds a predefined threshold. The threshold is calculated by reference to interruptions that have occurred in previous years. Details on the definition of a major event day and calculation of a major event day threshold can be found in the AER, [Distribution Service Target Performance Incentive Scheme V2.0](#), December 2018.

## 2.1.4 Overheads expenditure – Energy Queensland

Energy Queensland (EQL) identified an issue relating to its reporting of capitalised overheads. The issue relates to reporting non-network overheads that are not classified as corporate overheads. EQL has included these amounts in table 2.1.1 for specific capital expenditure amounts. It identified that in doing so corporate overheads would be double counted. To avoid the double counting but still allow for the accurate reporting of indirect capital expenditure and capitalised corporate overheads, a new reporting table has been included: *Table 2.10.3 – Capitalised corporate overheads – standard control services*. In addition, non-network expenditure categories in table 2.1.1 – capital expenditure by purpose now allow for data inputs as both direct and indirect expenditure.

These changes apply to EQL and do not impact other distribution networks. They have been introduced to streamline annual reporting obligations and reduce the need for additional data submissions.

## 2.1.5 Non-network expenditure – Energy Queensland

Energy Queensland (EQL) identified an issue relating to its categorisation of non-network indirect expenditures, during the data compilation process for the 2024-25 response to the distribution Order. At the time the AER provided EQL with an exemption from its reporting obligations relating to the data required in *Table 2.6.1 – Non-network expenditure – direct expenditure*, subject to total non-network expenditure, indirect capital expenditure by purpose and indirect operating expenditure by purpose data being provided.

To streamline the annual reporting process the AER has now included additional data requirements (applying to EQL alone) to collect the information specified in the AER's exemption decision. The additional data obligations are mandatory for EQL, but not for any other distribution network.

## 2.2 Redundant information

### 2.2.1 Descriptor metrics for routine and non-routine maintenance

A detailed review of AER use cases has identified a limited amount of information that is no longer required by the AER. Table 2.8.1 Descriptor metrics for routine and non-routine maintenance has been removed from the reporting requirements for all regulated networks. The data table had been simplified in the original Orders in the expectation it could be combined with other data to analyse maintenance expenditures. However, the AER has not been able to adequately refine its expected use and is removing the data from future reporting.

### 2.2.2 System losses

We have previously collected information on system losses for transmission networks for use with our benchmarking analysis – *table 3.6.3 – system losses*. However, we have now determined this network level data is of limited use, and we have removed the requirement from the Orders.

### **2.2.3 Alternative control service – disaggregated revenues by chargeable quantity**

The AER has previously collected information on revenues for alternative control services in both annual reporting and economic benchmarking data requirements. However, we have only relied on the annual reporting information for our analysis of alternative control services.

We have therefore removed the data previously collected under the economic benchmarking framework '*Alternative control service – disaggregated revenues by chargeable quantity*'.

## **2.3 Error correction/clarification**

### **2.3.1 Large project capital expenditure – transmission and interconnectors**

The data requirement set out in *Table 7.5.2 – Large project – capital expenditure* has been amended for the transmission Order and Interconnector Order. In the original Orders the requirement was limited to 'Direct expenditure'. We have updated the draft Order to include both direct and indirect expenditure. These two components can be added together to derive total capital expenditure on large projects. The disaggregation into direct and indirect expenditures is useful to the AER in understanding the allocation of costs across projects and large programs of work undertaken by the electricity transmission networks.

### **2.3.2 Maximum demand - AusNet Services Transmission**

The arrangements for the planning and operation of the electricity transmission system in Victoria means that AusNet Services Transmission (AusNet (T)) does not collect some data relating to network demand and energy delivery. In the original Order the specification of *Table 5.4 – Maximum demand by connection point* erroneously required that data to be provided by AusNet (T). To address this error the AER provided an exemption to AusNet (T), which applied for the 2024-25 reporting year, and will also cover the 2025-26 reporting year. The draft Order amends the information requirements to exclude AusNet (T) from the provision of *Table 5.4 - Maximum demand by connection point* data.

### **2.3.3 Data validation amendments**

We have updated the data submission workbooks to amend data validation rules. The amendments include:

- allowing negative values
- allowing NULL values
- allowing non-whole numbers
- removing date/time validation formulas that do not provide the correct response
- updating time-based rules to include seconds
- removing redundant rules
- including omitted rules.

These changes are all marked in the data submission workbook. Data validation rules are set out to the right of each data table.

### **2.3.4 Totals and cross checks**

Totals and cross checks are set out at the bottom of the data tables on each worksheet. They link specific data inputs or totals and check for consistency across different tables – the outcome of the checks shows as “TRUE” or “FALSE”.

These requirements were based on prior years data submissions but did not always factor in business specific circumstances, and in some cases were based on invalid assumptions by the AER. We have removed some of the cross checks, added new ones and corrected others to improve the accuracy and consistency of the data being reported to the AER.

These changes are all marked in the data submission workbooks.

In addition, we have updated the Appendix A instructions to allow for any “FALSE” values to be reported, where the underlying cause of the difference in the data is explained on the worksheet.

## **2.4 Data submission workbooks and Instructions**

The data submission workbooks and Appendix A – Instructions documents have been updated for each of the Orders. The Instructions accompany the data submission workbooks and provide additional guidance on how to compile the data required in each table in the data submission workbooks. We have reordered worksheets in the data submission workbook, so they appear in numerical order and updated the Instructions to reference the data submission workbook worksheets and table numbering rather than the original data category workbooks. These changes have not been marked up.

All other amendments are shown in track changes. They include additional guidance material to reflect advice provided during the 2024-25 submission process, new instructions to accompany any new data requirements, and other amendments to address issues raised with the AER. Key changes to the workbooks include amendments to address new and redundant data requirements, integrate any exemptions into the Order, or address issues set out in section 2.1, 2.2 and 2.3 above. Amendments to the Instructions include:

- requirement for negative expenditure or income values to be explained
- explicit recognition of links between tables, where discretionary items may be added – and will impact detailed reporting in linked tables (for example table 2.2.1 Replacement capex links with table 5.2.1 Asset in commission)
- updating NSP specific reporting obligations relating to AusNet Services Transmission where NULL is allowed, to remove the need for AusNet Services Transmission to seek an exemption from the Order (for example table 2.3.1 Augmentation capex, and table 5.4 maximum demand by connection point)
- material changes to the instructions relating to the TNSP and Interconnector table 8.8.1 Revenue requirements, to reflect to changes in data requirements
- new instructions for Interconnectors relating to information about Interconnector cost allocation agreements.

Each of the changes has been made to help streamline the annual reporting process and provide the regulated networks with greater clarity on how to report against the data requirements.

## 2.5 Other information updates

### 2.5.1 Supporting information requirements

The AER has updated Section 4 - Supporting information requirements to correctly cross reference to the new table numbering in the data submission workbook and incorporate any guidance material provided in the 2024-2 annual reporting process. Key changes include:

- removing the obligation to provide supporting information in relation to transmission service performance incentive scheme (STPIS) (section 4.6 – material differences, and section 4.7 - Service performance information – information for annual compliance). In both cases we have identified that the information, as needed, is collected by the AER at the time of the TNSP STPIS annual compliance review
- clarifying the supporting information required relating to related party transactions
- clarifying the appropriate comparators between forecast and actual information in relation to material differences for operation and capital expenditures, and large project expenditures.

These changes have been made to help drive consistency across all components of the Draft Orders and minimise reliance on ad-hoc advice in responding to the Orders.

### 2.5.2 Basis of preparation

The requirement to prepare and submit a basis of preparation (as per section 5 of the Orders) has not changed. However, we have updated *Appendix C – Basis of preparation template* to clarify that businesses may still choose the type of file and structure of their basis of preparation and remove redundant reporting requirements (such as file name). We have also updated the prefilled basis of preparation workbooks that were provided to assist network businesses, to align them with the updated data tables in the data submission workbooks.

The updates to Appendix C are shown in track changes in the draft Orders.

### 2.5.3 Assurance requirements

The requirement to have data subject to independent assurance is integral to ensuring the data we rely upon is accurate, complete and fit for purpose. When we issued the original Orders in April 2025, we tailored assurance requirements to the type of data (financial or non-financial), its inherent quality (actual or estimated) and our use case. We have maintained that approach as it helps achieve our requirement for quality data but reduces the cost associated with assurance of the data.

We collect disaggregated maintenance expenditure data in table 2.8.2, and note we use this information in ad hoc analysis of expenditure proposals. However, as the information does not directly impact revenue determinations, or performance reporting measures, we have removed the assurance requirement from this data. Total maintenance expenditure reported

in table 2.1.2 Operating expenditure is still included in the assurance requirements for financial information.

We have included text to refer to assurance requirements for data submitted under a customer service incentive scheme. The amendments clarify that the assurance requirements are as set out in the regulatory determination or in section 6 of the Order.

We have amended the assurance requirement for Table 3.9.11 – Capital expenditure for provision of export services. In the original Order actual capital expenditure information was subject to either audit or review level assurance assessment. We consider that distinction creates unnecessary complexity, without any material reduction in regulatory burden or the cost of the assurance procedures. Consistent with most financial information, we have now applied the audit standard ASA805 to all actual financial data reported in table 3.9.11.

## 2.5.4 AER Networks Glossary

The AER issued a stand-alone glossary (*AER Networks Glossary*) with the original Orders, covering the terms and definitions used in the Orders and appendices to the Orders, including the data workbooks. The *AER Networks Glossary* has been updated since the April 2024 version was issued. New terms and definitions have been included which relate to its uses across a multitude of AER data sets. The updated glossary includes changes to reflect gas terms and concepts, as well as changes to reflect new reporting obligations, or other amendments to the Orders.

All changes are ‘marked up’ to enable visibility over the AER’s underlying data definitions and support consistent and quality data reporting.

## 2.6 Other issues

### 2.6.1 Annual Submission timing

We have received a request from Ausgrid<sup>7</sup> to extend the annual submission deadline from 31 October to 30 November, reflecting the transitional arrangements applied in the first reporting year.

Ausgrid states:

...challenges to meeting the reporting deadline will extend into the remaining years of the Order and additional time to complete our submission would be of great assistance.

For example, Ausgrid’s recent response to the Order involved consideration of hundreds of issues in the AER’s issues register, steps taken to implement the relevant responses from the AER, numerous requests and manual adjustments to transform the information in Rosetta [AER: data service provider] to be compliant with the AER’s rules and significant time ensuring that we were complying with all sections of the Order, particularly section 4.

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<sup>7</sup> Letter to AER, *Extension to date for response to Annual Information Order*, Ausgrid, 15 January 2026.

The AER recognises the challenges experienced in the first year of reporting and has taken steps to support compliance, including:

- updating the data submission workbooks to rectify errors and anomalies
- amending the data requirements instructions to align with the structure of the data submission workbooks
- ensuring the assurance requirements reference the data submission workbooks
- providing templates to standardise the provision of key elements of supporting information (such as the supporting information requirements list, and basis of preparation).

While timing of data submissions must be sufficient to ensure electricity businesses can compile accurate information and undertake the required governance and assurance processes, it must also support the AER's regulatory functions and the needs of stakeholders who rely on timely data.

Having regard to the support measures implemented and the expectation that initial reporting issues will not persist, the AER has retained the current submission deadline of four months after the end of the reporting year (usually 31 October).

## **2.6.2 Data category workbooks and data submission workbooks**

At the time the AER issued the Orders the data requirements set out in section 3 and detailed in the data category workbooks (at Appendix A to the Orders), were a statement of requirements, and not a data submission tool. The Orders referenced the Data category workbooks, as did the Appendix A – Instructions, as we had not yet developed a data submission tool.

We issued data submission workbooks in December 2024. The data submission workbooks consolidated the data requirements, as set out in the data category workbooks, into an integrated set of data tables, and incorporated the data validation rules, and data cross checks (as per the original data requirements) into the submission tool.

Many electricity businesses had difficulty in relating the obligations set out in the Orders (which refer to data category workbooks) to the data submission workbooks. To simplify the Orders and eliminate the need for 'mapping' guidance between the data category and data submission workbooks we have amended the draft Orders to eliminate references to the data category workbooks. All references to data requirements now directly refer to the information tables as set out in the updated data submission workbooks.

## **2.6.3 AusNet Services Transmission**

Throughout this paper we refer to the Orders, which include the Annual information order issued to electricity transmission networks (transmission Order). AusNet Services Transmission is covered by the transmission Order, but its submission date is different – reflecting its different reporting year. The reporting year for AusNet Services Transmission ends on 31 March each year, rather than 30 June.

The timing of the update to the transmission Order means it will be issued 3 months after the commencement of AusNet Services Transmission 2026-27 reporting year.

#### **2.6.4 Power and Water Annual Information Notice**

Power and Water Corporation is not subject to the current Order for electricity distributors (distribution Order). The amendments and updates to the distribution Order will be applied to the Power and Water regulatory information notice (RIN). The process for issuing that RIN will be managed in tandem with the process for updating the distribution Order.