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Dear Ms Kaur

Ausgrid's submission on the Draft Annual Information Order 2026-28 – Electricity distributors

Ausgrid is pleased to provide a submission in response to the Australian Energy Regulator's (AER) Draft Annual Information Order 2026-28 – Electricity distributors, which includes the following documents:

1. Draft Annual Information Order 2026-28 – Electricity distributors (**Draft Order**);
2. Draft Annual Information Order 2026-28 – Electricity distributors - Appendix A – Instructions (**Draft Instructions**);
3. Draft Annual Information Order 2026-28 – Electricity distributors – Data Submission Workbook (**Draft Workbook**);
4. Draft Annual Information Order 2026-28 - Electricity distributor - Prefilled Indicative Basis of Preparation (**Draft Prefilled Indicative Basis of Preparation**);
5. Draft Annual Information Order 2026-28 - Electricity distributors - Supporting Information Requirements List (**Draft Supporting Information Requirements List**); and
6. Annual Information Orders 2026-28 - AER Networks Glossary (**Draft Glossary**).

Ausgrid operates a shared electricity network that powers the homes and businesses of more than 4 million Australians living and working in an area that covers over 22,000 square kilometres from the Sydney CBD to the Upper Hunter.

Ausgrid welcomes amendments to the AER's current Annual Information Orders for electricity distributors to improve the process of gathering information from electricity network businesses. Overall, Ausgrid is satisfied with the AER's proposed draft documents. **Appendix 1** to this letter identifies several items that we request the AER consider as part of its review of these documents.

Please contact Emily Peachey, Regulatory Advisor, at [REDACTED] should you wish to discuss further.

Regards,

[REDACTED]
Shannon Moffitt
Acting Head of Regulation

Appendix 1: Feedback on the Draft Annual Information Order 2026-28 – Electricity Distributors

Draft Order

Section 4.20.4

Section 4.40.4 should be amended as follows: “The *electricity distributor* must report any *tax losses* that have been used by the *electricity distributor* during the *regulatory year*”.

Section 4.21.1(a)(ii)

Section 4.21.1(a)(ii) should be amended as follows: “the general debt that has been allocated to the *electricity distributor’s* core regulated services”.

Appendix C

There are slight differences between the wording and layout of appendix C and the Draft Prefilled Indicative Basis of Preparation. For example:

- ‘Annual submission reference’ is stated in appendix C, but not the Draft Prefilled Indicative Basis of Preparation;
- the order of the text in appendix C (i.e. title of column then section of the instructions) is different to the order of the text in the Draft Prefilled Indicative Basis of Preparation; and
- there are minor wording differences in the documents, such as ‘Estimated data’ in appendix C, and ‘if Estimated data’ in the Draft Prefilled Indicative Basis of Preparation.

Ausgrid recommends alignment of these tables.

Additionally, the reference to section 5.2.2 of the Draft Order in the ‘additional information’ column should be replaced with a reference to section 5.2.3.

Draft Instructions

2.5 Worksheet 2.6 Non-Network, section 2.5.12

Section 2.5.12 should refer to section 2.5.11 instead of section 2.5.12.

2.5 Worksheet 2.6 Non-Network, sections 2.5.16 and 2.5.17

Sections 2.5.16 and 2.5.17 are identical. Section 2.5.17 should be deleted.

2.6 Worksheet 2.7 Vegetation Management, section 2.6.5

The following amendments should be made to section 2.6.5: “...in the relevant year. ~~Where a~~ Active *vegetation management practices* do not include inspection of *vegetation maintenance spans*.”

2.6 Worksheet 2.7 Vegetation Management, section 2.6.6

Section 2.6.6 subsections (d) to (f) should be changed to a different list level (i.e. (i) to (iii)).

2.7 Worksheet 2.8 Maintenance, section 2.7.2

This section refers to 'Other maintenance activity'. This exact wording is not featured in table 2.8.2 in the Draft Workbook.

2.15 Worksheet 3.3 Assets, section 2.15.9

Section 2.15.9 subsections (b) and (d) should be changed to a different list level (i.e. (i)).

Section 2.15.9(d) should refer to section 2.15.10 instead of section 2.15.9.

2.15 Worksheet 3.3 Assets, section 2.15.10

Sections 2.15.10(b), (c) and (h) should refer to section 2.15.10 instead of section 2.15.9.

Sections 2.15.10(c) and (e) to (g) should be changed to a different list level (i.e. (i), (ii) etc).

2.15 Worksheet 3.3 Assets, section 2.15.15

Reference to sections 2.15.8 to 2.15.14 should be replaced with sections 2.15.9 to 2.15.15.

2.15 Worksheet 3.3 Assets, section 2.15.17

Reference to sections 2.15.8 to 2.15.12 should be replaced with sections 2.15.9 to 2.15.13.

2.15 Worksheet 3.3 Assets, section 2.15.20

Reference to sections 2.15.8 to 2.15.12 should be replaced with sections 2.15.9 to 2.15.13.

2.18 Worksheet 3.6 Quality of service data, sections 2.18.1, 2.18.2 and 2.18.6

In sections 2.18.1, 2.18.2 and 2.18.6, version 1 of the "Service Target Performance Incentive Scheme" is referred to. Ausgrid suggests that these references instead refer to the second version of the scheme.

2.21 Worksheet 3.9 Export Services, section 2.21.17

This section contains an incomplete sentence. The remainder of this section should be reinstated, being "curtailment. This is typically expected to occur at 253V."

2.21 Worksheet 3.9 Export Services, section 2.21.23

The 'note' in this section should be given a section number.

2.39 Worksheet 8.1 Income statement, sections 2.39.2, 2.39.3 and 2.39.5

The references to table 8.1.1.1B in sections 2.39.2, 2.39.3 and 2.39.5 should be replaced with a reference to table 8.1.1.2A.

2.42 Worksheet 8.6 Indicative asset base roll forward

Section 2.42.8(b) should be removed and instead a continuation of section 2.42.8(a).

2.43 Worksheet 8.7 Profitability Tax data, section 2.42.4

The reference to paragraph 9.2.6(b) in section 2.42.4(d) should be replaced with a reference to section 2.43.4(b).

The reference to section 2.50.2.61 in section 2.42.4(e) should be replaced with a reference to section 2.43.2.

Draft Workbook

2.2 Repex

The new checks and totals titled 'Overhead conductors length - by voltage - by feeder' and 'Overhead conductors length - by voltage - by material type' compare the sum of overhead conductors in table 2.2.1.1 with the sum of overhead conductions in table 2.2.2.2. This comparison will result in a variance for Ausgrid as 'other' (cell F71) is reported in table 2.2.1.1, but not in table 2.2.2.2.

Historically, Ausgrid has reported overhead conductors for streetlighting reconfiguration as 'other' in table 2.2.1.1. These conductors have not been reported in table 2.2.2.2 to align with the data being reported in table '3.5.1 Network Capacities'.

Therefore, Ausgrid recommends that the sum formula in E247 and E248 exclude F71.

2.6.1 Non-Network Expenditure

The proposed shift from reporting 'direct' information and communication technology (**ICT**) costs to 'total' ICT costs in table '2.6.1 - Non-Network Expenditure' will reduce the comparability and usefulness of the data for benchmarking purposes. The AER currently uses this information to assess distribution network service provider (**DNSP**) ICT expenditure trends and relative efficiency over time. A change in reporting basis from FY27 onwards would create a structural break in the dataset, with reported expenditure no longer being directly comparable to prior years. This may create the appearance of material increases in ICT expenditure that are driven primarily by methodology changes rather than underlying expenditure outcomes.

To preserve consistency and comparability in benchmarking analysis, Ausgrid recommends that table '2.6.1 - Non-Network Expenditure' continues to report direct ICT costs only. If the AER wishes to collect information on indirect ICT costs, this could instead be introduced as a separate reporting category.

3.1 Revenue

The AER is proposing to delete the 'alternative control' column from table '3.1.1 - Revenue Grouping by Chargeable Quantity', however, table '3.1.2 - Revenue Grouping by Customer Type or Class' retains this column. These tables contain the same data, however, are split up using different categories. It does not make sense to report 'alternative control' in one of the tables and not the other.

Additionally, Ausgrid submits that alternative control services revenue should only be reported in table '8.1.1.1B - Revenue - Alternative Control Services' as this table provides a more detailed breakdown of alternative control services revenue.

Therefore, Ausgrid submits that the 'alternative control' column in table 3.1.2 and the check and total titled 'Alternative Control - Total revenue (customer type or class)' should be removed.

8.1 Income

For the above reasons, the check and total titled 'Alternative Control Services - Total revenue' should be removed.

Draft Prefilled Indicative Basis of Preparation

Methodology and Assumptions

In the additional guidance provided to complete the 'assumptions' column, it is unclear what is meant by 'approvals'. Ausgrid recommends that an explanation of what 'approvals' means is provided.

Additional information

The reference to section 5.2.2 of the Draft Order in the 'additional information' column should be replaced with a reference to section 5.2.3.

6.9 GSL Scheme

A row has not been provided for '6.9 - GSL SCHEME', relating to the below table. Ausgrid recommends that a new row 80 be included to provide for a basis of preparation for this table.

6.9 - GSL Scheme		
GSL REQUIREMENTS	Units	Service Performance
Scheme administrator	text	
Specification of scheme	text	

Draft Supporting Information Requirements List

Section 4.1.2

The reference to section 4.1.2(b) in cell D6 omits the following "(b) a table that references each file (workbook, document or other) provided in or as part of the annual information submission, where each file listed in the table must be given a name in the form...".

Additionally, it would be useful for the AER to include section 4.1.2(b)(i) and (ii) in the supporting information requirements list so that these instructions are not missed by those completing the list who may not think to look back at the Draft Order.

Section 4.2.1

The reference to section 4.2.1(b) in cell D9 should include an 'and' after 'capitalisation policy' to align with the wording in the Draft Order.

Section 4.2.3

The reference to section 4.2.2 in cell C10 should remove 'have' to align with the wording in the Draft Order.

Section 4.4.1

The reference to section 4.4.1 in cell C17 should be amended as follows: "Electricity distributors should keep discretionary row descriptors (inputs) used to meet the information requirements in the data submission workbooks at Appendix A the same in each reporting period".

Section 4.4.2

The reference to section 4.4.2 in cell C18 and D18 should be amended as follows: "If an electricity distributor has varied the row descriptors (inputs) compared to those used when reporting in the previous reporting period

or regulatory year, the electricity distributor must provide: (a) an explanation of the relationship between the current row descriptors, and those used in the previous annual submission previously.

Sections 4.5.1 and 4.5.2

The references to sections 4.5.1 and 4.5.2 in cells C20 and C21 respectively should be amended as follows: “For each item of revenue or expenditure reported in the data submission workbooks that is not directly...”.

Section 4.6

It would be useful for the note before section 4.6.1 in the Draft Orders to be included in the in the supporting information requirements list so that these instructions are not missed by those completing the list who may not think to look back at the Draft Order.

Sections 4.7.2 and 4.7.3

It would be useful for the notes in sections 4.7.2 and 4.7.3 in the Draft Order to be included in the in the supporting information requirements list so that these instructions are not missed by those completing the list who may not think to look back at the Draft Order.

Section 4.7.5

The reference to ‘4.7.5’ at the beginning of cell C30 should be removed.

Section 4.11.1

The reference to section 4.11.1 in cell C46 should be amended as follows: “...associated with the immediate expensing of capital expenditure as reported in the data submission workbooks, if any”.

Section 4.11.2

The reference to section 4.11.2 in cell C47 should be amended as follows: “State if, in the reporting period, the electricity distributor has ~~, since the last reporting period,~~ changed and/or intends to change its tax policy on immediate expensing of capital expenditure...”.

Section 4.13.1

It would be useful for the note in section 4.13.1 of the Draft Order to be included in the in the supporting information requirements list so these instructions are not missed by those completing the list who may not think to look back at the Draft Order.

Section 4.18.1

The reference to section 4.18.1 in cell C69 should be amended as follows: “The electricity distributor report must specify the relevant categories and expenditure amounts ...”.

Section 4.19.1

The reference to section 4.19.1 in cell C71 should be amended as follows: “...set out in Appendix A Data submission workbook instructions ...”.

Section 4.20.1

The reference to section 4.20.1 in cell C73 should be amended as follows: "...the interest expenditures, that the electricity distributor # has assessed to be non-deductible".

Section 4.21.1

The reference to section 4.21.1(b)(iii) in cell D79 should be amended as follows: "any additional detail in its basis of preparation, that the electricity distributor would consider relevant in understanding the allocated interest expenditure".

Section 4.23.1

It would be useful for the note in section 4.23.1 of the Draft Order to be included in the in the supporting information requirements list so these instructions are not missed by those completing the list who may not think to look back at the Draft Order.

Draft Glossary

Reference of terms

Some terms used in the glossary (for example 'Related Party Contract Expenditure', 'Related Party Contract Margin Expenditure', 'RIT project') are not referenced verbatim in the Draft Workbook, Draft Orders or Draft Instructions. The AER may wish to ensure that all defined terms are stated verbatim in the related documents.

Reference to defined terms

Defined terms mentioned in the definition of other terms are not italicised. Ausgrid recommends that the AER italicise all defined terms to prompt readers to investigate the meaning of any defined terms within a definition.

For example, the definition of 'vegetation maintenance span' could be amended to include italicised terms; "A span within the NSP's network that is subject to active *vegetation management practices* in the relevant year. Active *vegetation management practices* do not include inspection of *vegetation maintenance spans*." in effort to prompt readers to also consider the definition of 'vegetation management practices'.

Customer

It would be useful for the AER to clarify within the definition of 'customer' (i.e. 'an end user of electricity') whether large battery and storage customers are excluded.

Customer (benchmarking)

Section 2.16.9 of the Draft Instructions includes instructions for how to calculate 'customer (benchmarking)' numbers. The instructions request that metered customers include "both energised and de-energised NMIs", however, this conflicts with the definition of 'customer (benchmarking)' in the Draft Glossary, which states that "Only NMIs for active customers must be counted. Hence NMIs for deactivated accounts are not to be included".

Given the inconsistency between section 2.16.9 of the Draft Instructions and the Draft Glossary, Ausgrid requests that the AER clarify whether both energised and de-energised NMIs are intended to be treated as active customers for the purposes of 'customer (benchmarking)'.

Definitions of meters

The AER should consider adding in a definition for 'Meter Type 9 - public lighting services' and 'Meter Type 9 - other assets'.

Post tax revenue model

'Post tax revenue model' is still used throughout the Draft Order, even though 'Roll Forward Model' is proposed as the new title of the term in the Draft Glossary. Ausgrid recommends that one term is consistently used.

Revenue

The definition of 'revenue' includes the term 'entity'. This is slightly unusual and we assume it refers to a DNSP, TNSP or Interconnector. Additionally, the definition does not indicate what is included within the term 'ordinary activities', i.e. whether it is limited to direct control services (standard control and alternative control services) or includes revenue from non-regulated activities. Ausgrid recommends clarification of the meaning of the terms 'entity' and 'ordinary activities'.

RIT project

The definition of RIT project refers to 'a project implemented that is the preferred option', which is in past tense. However, Ausgrid understands that projects reported to the AER, such as under s 4.12 of the Draft Order, may be in the process of implementation. Ausgrid suggests that the definition of RIT project should be amended to be more in line with the National Electricity Rules definitions of RIT-D and RIT-T projects,¹ i.e. begin with "a project the purpose of which is to address an identified need....".

¹ AEMC, 'National Electricity Rules' (version 246), cl 5.10.2.