



Part of Energy Queensland

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Australian Energy Regulator
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Dear Ms Kaur

Network resilience guidelines consultation paper

Queensland's two distribution network service providers (DNSPs), Ergon Energy Corporation Limited (Ergon Energy Network) and Energex Limited (Energex), thank the Australian Energy Regulator (AER) for the opportunity to provide a submission on its consultation paper on the Network resilience guidelines (Guidelines).

The development of the Guidelines represents a timely and necessary evolution of the regulatory framework in response to increasing climate-driven risks. By establishing clearer expectations for how resilience expenditure is assessed under the National Electricity Rules (NER), the proposed Guidelines will help ensure that investments are both prudent and targeted toward mitigating the risks and impacts related to these events.

This aligns strongly with DNSPs' overarching objective of delivering a secure, reliable and affordable energy network for consumers who will have an important role in considering the trade-off between cost and service outcomes.

By recommending DNSPs demonstrate that consumers are informed and supportive of proposed options, the Guidelines will promote transparency, accountability, and better alignment between network decisions and community preferences. This approach will help ensure that resilience initiatives are not only technically robust but also socially supported.

We look forward to working with the AER in developing the Guidelines and our responses to the questions in the Guideline's consultation paper are attached. Should you require further information or wish to discuss any aspect of these, please feel free to contact me or Lindsay Chin [REDACTED]

Neither this letter nor the attachment contains confidential information and may be published.

Yours sincerely

[Redacted signature]

Mark Simpson
A/Manager Regulatory Affairs

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Enclosed: - Ergon Energy Network's and Energex's responses to the Guidelines consultation paper's questions.



Below are Ergon Energy Network's and Energex's responses to the Guidelines consultation paper's questions.

	Feedback sought	Ergon Energy Network's and Energex's comments
1	What are your views on the definition of network resilience?	We consider network resilience is the ability of a network to: • continue delivering its services at an acceptable level during faults, failures, maintenance activities, unexpected demand, and or major disruptive events • recover quickly when performance is negatively impacted and • anticipate, monitor, and respond to emerging threats and hazards. In distinguishing resilience from “reliability”, we consider reliability to refer to how frequently a network and its customers experience outages, whereas resilience reflects how effectively the network absorbs impacts, adapts and restores service when disruptions inevitably occur. Given that the AMEC's Including distribution network resilience in the NER rule determination relates only to resilience expenditure factors to power outages caused by severe weather events¹, to minimise ambiguity, any resilience definition should make specific reference to “severe weather events”.

¹ [Including distribution network resilience in the NER rule determination, AEMC, 8 May 2025](#), pi.

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2	What are your views on whether the network resilience guidelines should apply to transmission network service providers?	The Guidelines should not be extended to transmission network service providers (TNSPs), as the AEMC's Including distribution network resilience in the NER rule determination was focused on DNSPs and specifically excluded application to TNSPs.² However, we recommend the AER consider developing separate TNSP-specific guidance because: • TNSPs' networks must operate in alignment with the AER's National Electricity Market (NEM) resilience requirements • The stability, capability, resilience and reliability of interconnections between TNSPs' and DNSPs' networks are interdependent • Control and protection systems across interconnected networks are inherently complex and require careful coordination • Effective resilience planning necessitates coordination between DNSPs and TNSPs at an area/regional level • Transmission and distribution networks function as an integrated, interconnected system of critical infrastructure and communities experience resilience as a whole-of-system outcome • Transmission outages can isolate regions and significantly delay restoration efforts and • Without coordinated planning, resilience investments risk being suboptimal from a system-wide perspective.
3	What are your views on a standardised resilience template?	We question the value in standardised resilience templates to: "allow for better comparisons between DNSPs." ³ because quantitative values in templates will not reflect the variation in each DNSPs' environmental and network-specific factors. These factors significantly influence both

² [Including distribution network resilience in the NER rule determination, AEMC, 8 May 2025](#), pii.

³ [Network resilience guidelines – Consultation paper – June 2026](#), p15.

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		expenditure requirements and observed outcomes, which will limit the usefulness of standardised templates for DNSP comparison purposes. Furthermore, using this type of information to benchmark DNSPs may also prove problematic if measures are not well-defined and developed in a way that ensures consistency in the reporting approach and methodology across DNSPs.
4	What are your views on implementing a requirement on DNSPs to provide actual resilience spend through Annual Information Orders?	Ergon Energy Network and Energex recognise that, if the intent is to improve transparency of expenditure on resilience-related activities, leveraging existing Annual Information Order (AIO) arrangements to report resilience spend could offer some value. In this case, it will be important to clearly define network resilience expenditure to support consistent categorisation, assessment and reporting in AIOs. In practice, some investments may serve multiple purposes and could reasonably be classified under more than one expenditure category. For example, the replacement of a timber pole with a composite pole may constitute both asset replacement expenditure and resilience expenditure, where the replacement improves the network's ability to withstand and recover from extreme weather events. Clear guidance on expenditure classification will therefore be necessary to promote reporting consistency, avoid double counting, and enable meaningful assessment of resilience-related investment across DNSPs. However, there are practical limitations that reduce AIO reporting's overall suitability, including: • The current AIO framework, which is aligned to Regulatory Information Notice categories, recently completed stakeholder consultation for the 2026/27-2027/28 reporting periods. Additional reporting categories for network resilience would require AIO consultation and thus, where Distribution Annual Planning Report (DAPR) information is to be derived from AIOs, the network resilience rule change condition that requires reporting by 2028 may not be achievable. Any material changes to AIO categories would likely not take effect until the 2028/29 reporting cycle (submitted in 2029) and • More fundamentally, AIOs are not well-suited to assessing the effectiveness of network resilience expenditure. Providing visibility of the network resilience component of capex in AIO

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		worksheets is unlikely to enable the AER to draw meaningful conclusions on performance, as reporting actual versus forecast spend primarily provides insight into financial performance against agreed targets rather than resilience outcomes. Accordingly, while AIO-based reporting may support transparency objectives, it is less effective as a mechanism for evaluating resilience outcomes or the efficacy of resilience investments.
5	What are your views on the type of data that might be useful and publicly available?	Data could include metrics such as restoration times following major disruptions, and the number of customers impacted during significant events.
6	What are your views on the evidence that the AER has had regard to in assessing a business' preferred resilience solution?	In providing evidence to justify resilience expenditure, we would welcome more guidance on the application of the Value of Network Resilience and in particular its interaction with Value of Customer Reliability because all network resilience measures would invariably positively impact reliability.
7	What are your views on the key features of genuine consumer engagement on resilience proposals?	Genuine consumer engagement on network resilience proposals should be evidenced through a combination of demonstrable influence and delivery of high-value outcomes. This should consider: • Early and proactive engagement with consumers and stakeholders • Clear communication of cost-benefit trade-offs, enabling informed understanding of proposed options • A strong focus on outcomes that matter to customers, such as reduced outage frequency and duration, and improved emergency communications • Inclusive engagement with diverse customer groups, ensuring a broad range of perspectives are captured and • Transparent discussion of a network service provider's risk appetite, including how it shapes resilience investments and service outcomes.

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8	What are your views on the definition of community resilience?	We consider a good definition of community resilience is "A community's ability to prepare for, withstand, and recover from adversity, including natural disasters, economic downturns, pandemics and the slow-building pressures of climate change." ⁴
9	What are your views on the factors the AER has regard to when assessing community resilience?	DNSPs' network resilience investments should be primarily directed toward strengthening core network infrastructure. However, there may be complementary measures which, while having a less direct nexus to the network, nonetheless contribute to broader community resilience. In such cases, the AER should remain open to supporting these initiatives where they can demonstrate clear public benefits, including improved economic outcomes, social wellbeing, mental health, and digital recovery.
10	What are your views on the type of information that should be included in the DAPR to better understand a DNSP's strategy to manage its resilience needs?	The DAPR should include information that enables a clear understanding of a DNSP's approach to managing resilience, including: • An overview of existing corporate documents relevant to network resilience • A summary of the principles guiding resilience risk assessments, including identification of key resilience risks • Metrics used to assess network vulnerability and resilience performance • The DNSP's strategy for investing in resilience improvements • An assessment of network performance during major events and • Defined resilience objectives over the planning horizon, including a forward-looking resilience roadmap. Notwithstanding the above, we note the Enhancing Distribution Network Planning and Reporting draft NER determination proposes replacing DNSPs' DAPRs with a Distribution Network

⁴ [What Is Community Resilience and Why It Matters? - ScienceInsights](#)

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		Development Plan (DNDP), accompanied by annual updates. Under the draft rule, Ergon Energy Network and Energex would publish their final DAPR in 2027, with their first DNDP and annual update in 2029. Also, it is proposed that the DNDP incorporate climate change impacts in DNSPs' long-term planning.
11	What are your views on of how this new information collection relates to the AER's existing information collection though the Annual Information Orders?	The AEMC's Including distribution network resilience in the NER rule change introduces new DAPR reporting requirements on resilience investments. This includes information on a DNSP's performance and consumer outcomes during severe weather events in the preceding year, as well as explanations of how the DNSP has incorporated the risks of storm-related outages, considering the impacts of climate change, into its asset management and investment decisions. Given that the effectiveness of resilience investments is highly context-specific, these requirements are likely to necessitate a combination of qualitative and quantitative information. Such insights, particularly those focused on outcomes and event-based experiences, are more appropriately conveyed through narrative reporting rather than through standardised AIO templates.
12	What are your views on how resilience expenditure should be addressed in the incentive schemes?	Resilience expenditure should not be treated in the same manner as traditional capital expenditure such as for reliability or augmentation. Accordingly, it would not be appropriate to directly replicate the STPIS framework for network reliability in the context of resilience. Resilience investments typically do not deliver observable benefits within a defined period. Rather, they are intended to reduce the likelihood and consequences of low-probability, high-impact events, such as catastrophic outages that may or may not occur. In simple terms, the STPIS is designed to reward or penalise network performance under normal operating conditions. By contrast, resilience investments are aimed at protecting customers during prolonged abnormal conditions, most often arising from extreme weather or other natural hazard events. Any incentive framework should recognise and reflect this distinction. That said, resilience investments should still be subject to robust economic assessment, including risk analysis, cost-benefit evaluation, and post-implementation review.

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		Lastly, it is important to clearly distinguish network resilience from network reliability, both from operational and investment perspectives. Network resilience is not primarily measured by traditional reliability metrics such as System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI). Instead, it focuses on a network's ability to withstand and recover from extreme events. This includes metrics such as restoration times following major disruptions, the number of customers impacted during significant events, the protection of critical infrastructure, and the overall recovery capability of the DNSP.
13	Other feedback	We would welcome the inclusion of guidance within the Guidelines on how resilience should be measured and assessed, supported by a range of practical examples and case studies.