

10 July 2026

Kami Kaur
Executive General Manager Network Regulation
Australian Energy Regulator
GPO Box 3131
CANBERRA ACT 2601

Dear Kami

Re: Network Resilience Guidelines

TasNetworks welcomes the opportunity to provide feedback to the Australian Energy Regulator's (AER) Consultation Paper on the Network Resilience Guidelines (**the Guidelines**). As the Distribution Network Service Provider (DNSP) and Transmission Network Service Provider (TNSP) in Tasmania, TasNetworks is aware of the significant impact that disruptive events can have on our network and customers. The Guidelines will support Network Service Providers (NSP) in developing evidence-based proposals whilst ensuring any resilience expenditure delivers a net benefit to customers.

TasNetworks endorses Energy Networks Australia's submission and makes the following additional comments.

The definition of network resilience is critical because it establishes the scope of expenditure that may be considered resilience related. TasNetworks considers that the definition in the AER's 2022 Guidance Note should be refined to provide greater clarity and to more clearly distinguish investments that enhance resilience from those that are primarily intended to improve reliability. TasNetworks considers that resilience expenditure should be directed towards addressing the risks posed by high impact, low probability events. While these events will often be associated with extreme weather, the definition should not be limited to climate related risks and should instead be threat agnostic. This will allow DNSPs to assess and justify investments that mitigate the consequences of any potentially disruptive event that would have a severe customer impact.

As both the DNSP and TNSP in Tasmania, TasNetworks has an interest in whether the Guidelines are extended to transmission. We note that the Australian Energy Market Commission's rule change was only intended to apply to DNSPs, and that existing frameworks already provide avenues for TNSPs to propose resilience expenditure. Should the AER consider extending the Guidelines to transmission, TasNetworks would welcome the opportunity to engage on how they might be adapted. The Guidelines reflect distribution-specific concepts, such as localised severe weather and outages affecting individual customers. Given that reliability measurements and risk profiles differ for transmission networks, TasNetworks considers that further consultation would be required to determine how some elements that do not translate could be appropriately applied to transmission.

TasNetworks recognises that measuring the outcomes of resilience expenditure is necessary to ensure customers are only paying for programs that are prudent and efficient. However, due to the long horizon for benefit realisation from resilience investment, the introduction of new reporting on an annual basis is unlikely to provide any meaningful insights. DNSPs will already be required to have regard to resilience in their Distribution Annual Planning Reports (DAPR) in accordance with the *Including Distribution Network Resilience in the National Electricity Rules Rule Change*. Whilst ongoing reporting is provided through the DAPR, separate consultation should take place on what could be included in a standardised template for data collection.

TasNetworks agrees with the AER that the preferred option for addressing an identified resilience need should be the one that provides the most net benefit to customers. Given that resilience proposals will be aiming to address the risk of low probability events, regard should be given to probabilistic modelling, transparent assumptions and a comprehensive options analysis. This approach will help account for the fact that under the standard regulatory framework, resilience investment is typically undervalued when determining the probable benefit realisation of preferred options. To improve the quality and consistency in resilience proposals, we consider the Guidelines could provide case studies that demonstrate what evidence and tools should be used to build a strong business case. It is important that these case studies clarify how DNSPs are expected to consider the Value of Network Resilience and Value of Customer Reliability given there is industry wide confusion on how these metrics should be used as evidence in proposals.

Good engagement is critical to ensuring that the services NSPs provide align with their customers' preferences. As is the case with all shared network capital expenditure, resilience impacts and is paid for by all customers. Therefore, the principles governing engagement on resilience expenditure should align with the engagement undertaken as part of an NSPs broader capital expenditure program. This approach ensures customers will be able to make informed choices on an NSPs expenditure proposal at the time of determination. It also

enables timely investment decisions by not requiring NSPs to engage with stakeholders on each resilience expense midway through a regulatory control period.

In our engagement with customers, TasNetworks has observed a preference for us to play a role in supporting community resilience. We consider a clear delineation of roles and responsibilities for community resilience is needed to ensure we can communicate to our customers effectively on what we can and cannot do. TasNetworks considers that managing community resilience is a shared responsibility and that it is important to consider community needs on a case-by-case basis. Rejecting DNSPs community resilience proposals on the basis that other bodies such as local government are responsible may not account for the unique characteristics of different jurisdictions, thereby leading to poor outcomes for customers.

TasNetworks agrees with the AER that the Service Target Performance Incentive Scheme (**STPIS**) is not well suited to resilience. Given that resilience expenditure is aimed at addressing high impact events, it is targeting improvements for events that would already be excluded from the STPIS. On this basis, TasNetworks expresses concern about an expectation that increased resilience allowance will correspond with higher reliability targets under the STPIS. An increase in annual reliability targets would not recognise the fact that network resilience investment may not lead to measurable improvements over the length of one year, with the benefits instead being realised over a longer period. Artificially increased targets in response to resilience investment would undermine the intention of the scheme being based on actual data and would penalise NSPs for proposing prudent and efficient capital expenditure that aligns with customer preferences. By being subject to the existing Capital Expenditure Sharing Scheme and Efficiency Benefit Sharing Scheme, DNSPs will still be incentivised to return efficient savings through to customers.

Thanks again for allowing us to provide our feedback to the Consultation Paper on the Network Resilience Guidelines. If you would like to discuss any of the points raised in this submission further, please contact Calvin Godwin, Senior Economic Policy Analyst, at

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Yours sincerely

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Marthinus Le Roux
Head of Regulation