

Network resilience guidelines

Draft guidelines for consultation

September 2026

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Inquiries about this publication should be addressed to:

Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601
Email: aer inquiry@ aer.gov.au
Tel: 1300 585 165

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1 Network resilience guidelines

The National Electricity Law requires the AER to perform economic regulatory functions in a manner that will or is likely to contribute to the achievement of the national electricity objectives.¹ These objectives place an overarching requirement on the AER to make determinations that will deliver efficient outcomes to the benefit of consumers in the long term.²

When we make a distribution determination on a regulatory proposal, the National Electricity Rules (NER) set out specific requirements for the AER in deciding whether we are satisfied that a network service provider's proposed total expenditure forecast is prudent and efficient. We apply this assessment framework to all categories of capital and operating expenditure, including augmentation, connections, consumer energy resources, information and communications technology (ICT), fleet, replacement and resilience. Further details on our general expenditure assessment framework are set out in section 1.2.

Clause 6.4.6 of the NER requires the AER to develop, maintain and publish guidelines that provide regulatory clarity around the assessment of electricity distribution network resilience expenditure. This document constitutes our network resilience guidelines for electricity distribution. We may, from time to time and in accordance with the consultation procedures set out in clause 8.9 of the NER, amend or replace these guidelines.³

1.1 Purpose of the guidelines

These guidelines are intended to provide regulatory clarity around how the AER assesses the prudence and economic efficiency of resilience expenditure proposals to achieve the capital expenditure and operating expenditure objectives (collectively, the expenditure objectives), when making a distribution determination. This includes information on how we have regard to the extent to which the expenditure forecast would efficiently reduce the risk and impact on consumers of power outages caused by severe weather events.⁴

While these guidelines were developed for distribution network service providers (DNSPs), transmission networks could refer to the principles in this document for guidance when preparing resilience expenditure proposals.

Additionally, these guidelines are intended to be complementary to other AER materials. For example, the AER develops and publishes guidelines to assist stakeholders on various topics and often undertakes reviews to either update existing guidelines or release guidance notes. This includes our Expenditure Forecast Assessment Guideline,⁵ guidance notes for asset replacement planning and non-network ICT,⁶ reviews of the value of network resilience

¹ National Electricity Law, section 16(1)(a).

² National Electricity Law, section 7.

³ National Electricity Rules (NER), clause 6.4.6(d).

⁴ NER, clauses 6.5.6(e)(4), 6.5.7(e)(4).

⁵ AER, [Expenditure Forecast Assessment Guideline](#), 16 October 2024.

⁶ AER, [Industry practice application note for replacement planning](#), 30 July 2024; AER, [Guidance Note – Non-network ICT capex assessment approach for electricity distributors](#), 28 November 2019.

(VNR) and the values of customer reliability (VCR),⁷ and other applicable materials referred to throughout these guidelines.

1.2 Expenditure assessment framework

Network service providers submit regulatory proposals to the AER on their required revenues, and we make determinations based on various factors. In the context of electricity distribution, the AER must make a distribution determination for each DNSP in accordance with Part E of Chapter 6 of the NER. In making a determination, we must decide whether we are satisfied that a DNSP's proposed total expenditure forecast achieves the following capital and operating expenditure objectives (collectively, the expenditure objectives):⁸

1. meet or manage the expected demand for standard control services
2. comply with all applicable regulatory obligations or requirements associated with the provision of standard control services
3. maintain the quality, reliability and security of supply of standard control services
4. maintain the safety of the distribution system through the supply of standard control services, and
5. contribute to achieving emissions reduction targets through the supply of standard control services.

We must accept a DNSP's forecast of required expenditure if we are satisfied that the total of the forecast expenditure reasonably reflects the capital and operating expenditure criteria (collectively, the expenditure criteria).⁹ That is:

1. the efficient costs of achieving the expenditure objectives
2. the costs that a prudent operator would require to achieve the expenditure objectives, and
3. a realistic expectation of the demand forecast, cost inputs and other relevant inputs required to achieve the expenditure objectives., the expenditure must be prudent, efficient, and reflect a realistic expectation of demand, costs and other relevant inputs required to achieve the expenditure objectives.

In deciding whether or not we are satisfied that a DNSP's proposed total expenditure forecasts reasonably reflect the expenditure criteria, we must have regard to the capital and operating expenditure factors (collectively, the expenditure factors):¹⁰

1. the most recent annual benchmarking report that has been published under rule 6.27, and the benchmark capital/operating expenditure that would be incurred by an efficient DNSP over the relevant regulatory control period
2. the actual and expected capital/operating expenditure of the DNSP during any preceding regulatory control periods

⁷ AER, [Value of Network Resilience 2024](#), 30 September 2024; AER, [Values of Customer Reliability 2024](#), 18 December 2025.

⁸ NER, clauses 6.5.6(a), 6.5.7(a).

⁹ NER, clauses 6.5.6(c)(1), 6.5.7(c)(1).

¹⁰ NER, clauses 6.5.6(e)(1)-(12), 6.5.7(e)(1)-(12).

3. the extent to which the capital/operating expenditure forecast includes expenditure to address the concerns of distribution service end users as identified by the DNSP in the course of its engagement with distribution service end users or groups representing them
4. the extent to which the capital/operating expenditure forecast would efficiently reduce the risk and impact on consumers of power outages caused by severe weather events
5. the relative prices of operating and capital inputs
6. the substitution possibilities between operating and capital expenditure
7. whether the capital/operating expenditure forecast is consistent with any incentive scheme or schemes that apply to the DNSP under clauses 6.5.8 and 6.5.8A or 6.6.2 to 6.6.4
8. the extent the capital/operating expenditure forecast is referable to arrangements with a person other than the DNSP that, in the opinion of the AER, do not reflect arm's length terms
9. whether the capital/operating expenditure forecast includes an amount relating to a project that should more appropriately be included as a contingent project under clause 6.6A.1(b)
10. the extent the DNSP has considered, and made provision for, efficient and prudent non-network options or SAPS options
11. any relevant final project assessment report published under clause 5.17.4(o), (p) or (s), and
12. any other factor the AER considers relevant and which the AER has notified the DNSP in writing, prior to the submission of its revised regulatory proposal under clause 6.10.3, is a capital/operating expenditure factor.

1.3 Structure of the guidelines

These guidelines are structured as follows:

- Chapter 2 – definitions of network resilience, community resilience, and relevant terminology used throughout this guideline.
- Chapter 3 – types of supporting information for resilience expenditure proposals and the criteria we developed for assessing these proposals.
- Chapter 4 – resilience reporting obligations applicable to DNSPs under the NER.
- Chapter 5 – how resilience expenditure will be addressed in incentive schemes provided for in Chapter 6 of the NER.

2 Resilience expenditure

The AER is responsible for the economic regulation of electricity networks, including assessing and making a determination on a DNSP's regulatory proposal which may include forecast resilience expenditure.

2.1 Distribution resilience in the NER

Clause 6.4.6 of the NER states that:

- (a) The AER must, in accordance with the NER consultation procedures, develop, maintain and publish network resilience guidelines that:
 - (1) provide examples of resilience expenditure, which may include expenditure to assist DNSPs to:
 - (i) continue to safely provide adequate network services despite severe weather events;
 - (ii) communicate effectively with consumers, emergency services personnel and other relevant bodies before, during and after a severe weather event;
 - (iii) promptly provide a level of supply to support consumers' essential needs while the DNSP works to restore full supply through its network, if a power outage occurred as a result of a severe weather event;
 - (2) provide examples of the types of information DNSPs could include in their regulatory proposals to support forecasts of resilience expenditure, including information on climate change impacts;
 - (3) specify the information DNSPs must include in their Distribution Annual Planning Reports under clause S5.8(j1);
 - (4) explain how resilience expenditure will be addressed in incentive schemes provided for in Chapter 6 of the NER; and
 - (5) include any other matters the AER considers relevant.
- (b) Nothing prevents the AER from publishing the network resilience guidelines in the same document as another guideline published under Chapter 6.
- (c) There must be network resilience guidelines in force at all times after the date on which the AER first publishes the network resilience guidelines under the NER.
- (d) The AER may, from time to time and in accordance with the NER consultation procedures, amend or replace the network resilience guidelines.
- (e) Clauses 6.2.8(e) and (f) do not apply to the network resilience guidelines.¹¹

¹¹ Clause 6.2.8(e) means, subject to clause 6.2.8(f) and except as otherwise provided in Chapter 6, the AER may, from time to time and in accordance with the distribution consultation procedures, amend or replace a guideline. Clause 6.2.8(f) means the AER may make administrative or minor amendments to any guideline without complying with the distribution consultation procedures.

Chapter 10 of the NER defines resilience expenditure as:

Operating expenditure and capital expenditure by Distribution Network Service Providers of the kinds outlined in clauses 6.5.6(e)(4) and 6.5.7(e)(4).

When assessing resilience expenditure proposals, we must have regard to the expenditure criteria and expenditure factors in the NER (also set out in section 1.2). This includes the new resilience expenditure factors in clauses 6.5.6(e)(4) and 6.5.7(e)(4) which refer to the extent to which the operating expenditure and capital expenditure forecasts would efficiently reduce the risk and impact on consumers of power outages caused by severe weather events.

2.2 Network resilience

As the term ‘network resilience’ is not defined in the NER, we have developed a definition to set the boundaries around the scope of resilience expenditure that DNSPs could propose under the NER.

Principle 1 sets out the AER’s definition for network resilience. See section 2.4 for the definitions of relevant terminology.

Principle 1: Network resilience

Network resilience is a performance characteristic of a network and its supporting systems. It is the network’s ability to continue to adequately provide network services and recover those services from prolonged outages caused by severe weather events.

The service in a network resilience proposal must be in connection with a network service, where a network service is as defined under the NER.

2.3 Community resilience

We consider that a separate definition of community resilience is required, reflecting the supporting role that DNSPs have in assisting communities prepare before, during and after severe weather events. Like network resilience, the term ‘community resilience’ is not defined in the NER.

Principle 2 sets out the AER’s definition of community resilience. See section 2.4 for the definitions of relevant terminology.

Principle 2: Community resilience

Community resilience is the ability of communities to prepare for, withstand during, and recover from the impacts of prolonged outages caused by severe weather events.

The service in a community resilience proposal must be in connection with a network service, where a network service is as defined under the NER.

2.4 Terminology in these guidelines

Some of the terminology we use in these guidelines, including in the definitions for network and community resilience, is set out below.

- ‘Community resilience’ is the ability of communities to prepare for, withstand during, and recover from the impacts of prolonged outages caused by severe weather events. The service in a community resilience proposal must be in connection with a network service, where a network service is as defined under the NER.
- ‘Network resilience’ is a performance characteristic of a network and its supporting systems. It is the network’s ability to continue to adequately provide network services and recover those services from prolonged outages caused by severe weather events. The service in a community resilience proposal must be in connection with a network service, where a network service is as defined under the NER.
- ‘Prolonged outages caused by severe weather events’ are typically power outages of more than 12 hours in duration that have occurred as a result of a severe weather event. We note this time-based threshold is only a guide and will be assessed on a case-by-case basis.
- Examples of ‘severe weather events’ include bushfires, droughts, windstorms, and floods. We note these examples are based on resilience expenditure we have previously accepted, and that other types of severe weather events will be assessed on a case-by-case basis.
- These guidelines apply the same definition as set out in Chapter 10 of the NER for the following terms:¹²
 - ‘Distribution’ means activities pertaining to a distribution system including the conveyance of electricity through that distribution system.
 - ‘Distribution service’ is a service provided by means of, or in connection with, a distribution system.
 - A ‘distribution system’ means:
 - a distribution network, together with the connection assets associated with the distribution network, which is connected to another transmission system or distribution system; and
 - a stand-alone distribution system in a regulated stand-alone power system (SAPS).
 - ‘Network services’ means a transmission service or distribution service associated with the conveyance, and controlling the conveyance, of electricity through the network.
 - ‘Reliability’ means the probability of a system, device, plant or equipment performing its function adequately for the period of time intended, under the operating conditions encountered.
 - ‘Resilience expenditure’ is operating expenditure and capital expenditure by DNSPs of the kinds outlined in clauses 6.5.6(e)(4) and 6.5.7(e)(4).

¹² We have adopted the definition of these terms set out in the NER as at the date of this guideline. As the NER is amended from time to time, it is recommended that users of the guidelines refer to the latest version of the NER as definitions and other information may have changed.

3 Supporting information for resilience expenditure proposals

This chapter sets out the AER's assessment framework for resilience expenditure, including the types of information DNSPs are expected to submit in support of resilience expenditure proposals to assist the AER in making its distribution determination for each DNSP.

This chapter also provides examples of resilience expenditure, which are based on the AER's experience in recent years.

3.1 Assessment framework for resilience expenditure

We recognise that DNSPs will develop resilience expenditure forecasts tailored to meet their networks' needs and support their customers. Forecasts for resilience funding can take the form of capital and operating expenditure.

As with other categories of expenditure, we expect DNSPs to submit information to show how the proposed resilience expenditure is prudent and efficient to achieve the expenditure objectives.

Principles 3 and 4 are the prudence and efficiency criteria that apply to both network resilience and community resilience proposals. The information we expect DNSPs to submit in support of the prudence and efficiency of network resilience versus community resilience proposals differs slightly because the solutions and initiatives to address the identified need are different.

Principle 3: Prudence assessment

Evidence that the resilience expenditure is needed to reduce the risk and impact on consumers of power outages caused by severe weather events in the forecast period. This expenditure should reflect consumers' preferences.

Principle 4: Efficiency assessment

Evidence that the DNSP's preferred option provides the greatest net benefit to consumers through the testing of its preferred option against other feasible options including non-network solutions in a quantitative cost benefit analysis. The quantitative analysis must be transparent and based on reasonable and verifiable inputs and assumptions. In developing its preferred investment, DNSP's must engage consumers on feasible options available to address the identified need.

The types of information expected to address Principles 3 and 4 in support of network resilience proposals are set out in section 3.1.1 and in section 3.1.2 for community resilience proposals.

3.1.1 Network resilience expenditure assessment framework

Consumer engagement and support is valuable both to DNSPs in the development of their proposals, and to us in assessing proposals and making determinations that balance consumers' long-term interests. As part of our assessment of a DNSP's proposal, we must have regard to the extent to which the forecast expenditure addresses consumer concerns identified by the DNSP in the course of its engagement with its consumer or groups representing them (among other expenditure factors).¹³

The framework below acknowledges that consumer preferences should play an integral part in developing resilience proposals. In this regard, we expect DNSPs to share aspects of their analysis with consumers, including the performance of existing resilience initiatives, to support the prudence and efficiency of its proposed network resilience investments. In reviewing a DNSP's forecast expenditure, the AER will have regard to how this engagement was incorporated into the proposal, alongside its alignment with the framework for assessing forecast expenditure as set out in the NER.

Prudence assessment

To satisfy Principle 3, the types of information we expect to see in support of the prudence of network resilience proposals include, but are not limited to:

- Reasoning to show how this expenditure is linked to and within the boundaries of a network service.
- Quantitative evidence to demonstrate the existing and increasing risk from severe weather events on a DNSP's network. This should include an assessment of the probability of the event, the areas of the network that are most likely to be impacted, the likelihood of the consequences occurring, and the cost of consequences on the network.
- Where a business includes climate risk modelling in support of its resilience proposal, the forecast climate modelling results should align with established and recent climate research; and demonstrate how the specific perils in the climate research are relevant to the DNSP's network.
- Evidence of how resilience planning has been integrated into existing asset management and investment governance frameworks, and in the reporting of planned investments. We expect DNSPs to provide evidence demonstrating how their proposed resilience investments are embedded in their asset management frameworks, and that the DNSPs' annual planning and reporting requirements related to planned resilience investments have been satisfied.
- A critical assessment of the proposed resilience expenditure demonstrating how the resilience forecast reflects the DNSP's experience in responding to the impacts of severe weather events. This includes:
 - a comparison of base year risk in the forecast period against historical revealed risk;

¹³ NER, clauses 6.5.6(e)(3), 6.5.7(e)(3).

- a comparison of the resilience proposal against historical outage data which includes, but is not limited to, a frequency analysis of each type of severe weather event at a locational level;
- a well-documented post implementation review of how accepted resilience initiatives have subsequently performed and evolved in the regulatory period. This could include the learnings and effectiveness of each initiative; the reasons for variations in the scope and scale of the resilience investment in the current period; and the experience of customers during prolonged outages.
- Evidence in support of an operating expenditure step change or category specific forecast. This includes:
 - an explanation of the need for this expenditure
 - how base year expenditure and efficiency savings have been accounted for
 - assurance that costs will otherwise not be recovered via trend forecasts, and
 - any interlinkages with other expenditure proposals (such as capital investments).
- Evidence demonstrating how the DNSP has meaningfully engaged with its affected customers and communities and how these views have been incorporated in developing a resilience proposal. This type of supporting information includes:
 - Discussions and outcomes from studies, workshops, forums to demonstrate how consumer preferences were identified;
 - How competing preferences were addressed. Where consumer views on an issue are diverse, DNSPs are required to set out those views and how they were balanced in developing their regulatory proposal.
 - Documentation that sets out how the business has worked collaboratively with not just the affected communities but also other resilience actors to understand what the communities' genuine needs are to plan, prepare for, and recover from severe weather events

Efficiency assessment

To satisfy Principle 4, the types of information we expect to see in support of the efficiency of network resilience proposals include, but are not limited to:

- Quantitative evidence of the effectiveness of solutions; that is, how much the preferred solution and other solutions would mitigate the forecasted risk. Evidence can be provided by way of a review of studies, peer reviews and historical experience.
- Documentation that shows the DNSP engaged with its affected customers and wider customer base on the effectiveness and costs of the available options within a package of feasible solutions. This includes how the DNSP responded to feedback and contrasting customer views in developing its resilience proposal.
- Cost benefit analysis to demonstrate that the preferred option has the greatest net benefit compared to other feasible solutions. We expect businesses:

- To provide transparent supporting models that allow for ease of testing of critical inputs and assumptions so that we can have confidence in the benefits and costs of the forecast.
- Where VNR is applied, to be consistent with the latest guidance around the application of VNR. If VNR is applied in a different way to the latest guidance, we would expect reasoning to support the alternative approach. In particular, we expect information and research undertaken at a regional disaggregated level to support the DNSP's VNR position.
- To assess the application of a service target performance incentive scheme (STPIS) adjustment and demonstrate that there is no double-counting of reliability benefits.¹⁴ This is because there may be reliability improvements from resilience investments where DNSPs would receive additional revenue from STPIS if not appropriately adjusted. If a STPIS adjustment is not proposed, we would expect the DNSP to provide evidence and analysis to explain to us and its customers the reasoning for this.

Examples of network resilience expenditure

An example of resilience expenditure that a DNSP could propose to continue to safely provide adequate network services despite severe weather events is set out in Box 1.

Box 1: Example of network resilience expenditure

In its regulatory proposal, a DNSP included expenditure which sought to relocate a depot located in a flood plain to higher ground following recent severe flooding. A depot is typically used to accommodate workers, tools and equipment (including network spares) to assist in the restoration of a network when there is a network disruption.

This expenditure was proposed as replacement expenditure in the DNSP's regulatory proposal. In the determination, we re-categorised this expenditure as network resilience expenditure because the main driver and incremental cost of the relocation was to address the risk of damage caused by the flooding of key assets. This investment would also reduce the impact on affected customers from the prolonged outages as it is likely to quicken recovery time and do so in a safe manner, when there is severe flooding.

The DNSP provided sufficient evidence to demonstrate the need to relocate the depot, provided cost-benefit analysis, demonstrated it had considered other options, and removed double counting from the insurance payout. The DNSP had also consulted with its consumers about the proposal.

Box 2 sets out an example where a DNSP has addressed uncertainty in forecasting its resilience needs.

¹⁴ We note there is a close relationship between resilience and reliability, as resilience is an input that contributes to the achievement of overall network reliability.

Box 2: Example of addressing uncertainty in support resilience expenditure forecast

In its regulatory proposal, a DNSP included expenditure for microgrids to target long radial feeders with a history of prolonged outages from fires and storms. We found this resilience expenditure to be prudent and efficient. In support of its proposal, the DNSP provided forecast modelling to address uncertainty from the frequency and location of fires and storms on its network. In particular, the DNSP provided detailed records of its historical outages and transparent quantitative analysis (including probabilistic modelling suited to that data as well as sensitivity analysis) to demonstrate that the targeted feeders will likely result in the greatest benefit from the proposed investment. The DNSP also provided evidence that it had consulted with its consumers and the impacted communities about its proposal. In addition, the DNSP proposed an appropriate STPIS adjustment so that it did not double count the reliability benefits.

3.1.2 Community resilience expenditure assessment framework

We recognise that the needs and solutions for addressing community resilience are different to network resilience. As such, a separate set of evidentiary requirements to demonstrate prudence and efficiency apply to community resilience proposals.

Prudence assessment

To address Principle 3, the types of information we expect to see in support of the prudence of community resilience proposals include, but are not limited to:

- Reasoning to show how this expenditure is linked to, and is within the boundaries of, a network service.
- Demonstration of the vulnerability of communities in the preparation for, during, and recovery from a severe weather event. This expectation may be met by providing:
 - Documentation of lived community experiences.
 - An analysis of the effectiveness of existing solutions, and how the proposed community resilience initiatives will improve communities' lived experiences.
 - If relevant, independent findings/inquiries recommending specific initiatives to support community resilience, and how this aligns with the community resilience proposal.
- Where there are interlinkages with other essential service providers (such as utilities, telecommunications, transport), documentation to demonstrate that the existing interplay between these providers is not providing sufficient assistance to the community, and reasons that the DNSP should be accountable for providing community assistance.
- Evidence in support of an operating expenditure step change or category specific forecast, including an explanation of the need for this expenditure, how base year expenditure and efficiency savings have been accounted for, and assurance that costs will not be recovered via trend forecasts.
- Evidence demonstrating how the DNSP has meaningfully engaged with its affected customers and communities, and how these views have been incorporated in developing a resilience proposal. This type of supporting information includes:

- Discussions and outcomes from studies, workshops or forums to demonstrate how consumer preferences were identified.
- How competing preferences were addressed. Where consumer views on an issue are diverse, DNSPs are required to set out those views and how they were balanced in developing their regulatory proposal.
- Documentation that sets out how the business has worked collaboratively with not just the affected communities but also other resilience actors to understand what the communities' genuine needs are to plan, prepare for, and recover from severe weather events.

Efficiency assessment

To address principle 4, the types of information we expect to see in support of community resilience proposals include, but are not limited to:

- Evidence that the community resilience proposal is cost effective compared to other feasible options.
- Demonstration that the DNSP has engaged with the affected community and the wider customer base on the comparative options and has had regard to differing preferences.

Examples of community resilience expenditure

Boxes 3 and 4 set out examples of community resilience expenditure that assists DNSPs to communicate effectively with consumers, emergency services personnel and other relevant bodies before, during and after a severe weather event.

Box 3: Communicating effectively with affected parties before, during and after a severe weather event

A DNSP proposed resilience expenditure for dedicated community liaison officers to support communities on the ground before, during and after severe weather events. These officers are intended to work with the communities at a higher risk of outages from severe weather events, through workshops, events, and at times, one-on-one personalised support.

The DNSP submitted that, since a major storm event, a recurring theme for communities connected to this DNSP's network had been the strong desire for improved support with resilience planning and greater on-the-ground engagement with a permanent local presence. This was reiterated in community engagement workshops and in regional and rural forums hosted by the DNSP. The embedded representation would allow for stronger engagement with local government and councils to ensure the needs of each individual community were met.

In support of its proposal, the DNSP provided an options analysis, a business case and some quantitative analysis and was, therefore, able to demonstrate the prudence and efficiency of its proposed approach.

Box 4: Communicating effectively with affected parties during a severe weather event

A DNSP proposed resilience expenditure that would enhance multi-agency coordination by sharing data between the DNSP and emergency service agencies. The DNSP submitted that, based on documented experience, effective multi-agency responses were delayed by poor data transfer between agencies. The DNSP provided evidence that its consumer groups considered that improving multi-agency data sharing was a top priority during severe weather events. The DNSP provided a business case setting out a few options:

- option A – the business-as-usual case
- option B (preferred) – focused investment in data and information sharing with key essential services providers
- option C – expanding sharing of emergency response data with a wider group of emergency response partners.

The DNSP was able to demonstrate the prudence and efficiency of its proposed expenditure by providing a comparative analysis of the options, which included some quantitative analysis.

Box 5 is an example of community resilience expenditure that assists DNSPs to promptly provide a level of supply to support consumers' essential needs while the DNSP works to restore full supply through its network, if a power outage occurred as a result of a severe weather event.

Box 5: DNSP providing a level of supply to support consumers' essential needs while working to restore full supply through its network

A DNSP proposed investment in a range of mobile generators to increase its capacity to support its customers' supply for recovery after severe weather events and to assist during prolonged unplanned outages. In support of its proposed investment, the DNSP was able to demonstrate the prudence and efficiency of its proposed expenditure by providing:

- Documentation from its consultation with its customer groups across regional communities on their current experiences with the use of mobile generators.
- Transcripts of its engagement with its customer group about its proposed investment.
- Detailed analysis of the performance of current mobile generators during prolonged planned and unplanned outages and severe weather events.
- Economic assessment of the effectiveness of mobile generators based on historical outcomes and the consequential likely customer benefits from its proposed investment.
- An analysis of the options considered, including a comparison between different mobile generation assets, and evidence in support of its preferred option.

4 Resilience expenditure in incentive schemes

Incentive schemes form an important part of our approach to regulating electricity networks in Australia.

Chapter 6 of the NER provides for various incentive schemes. Those that are of relevance to resilience expenditure are set out in principle 5 and are briefly described below.

Principle 5: Incentive schemes applying to resilience expenditure

The CESS and EBSS will be applied to resilience expenditure, consistent with Chapter 6 of the NER. In support of resilience proposals, DNSPs should demonstrate why there is no double-counting of reliability benefits and that a STPIS adjustment should not be applied.

- The capital expenditure sharing scheme (CESS).¹⁵
 - The CESS incentivises businesses to undertake efficient capex throughout the period by rewarding efficiency gains and penalising efficiency losses, each measured by reference to the difference between forecast and actual capex.
- The efficiency benefit sharing scheme (EBSS).¹⁶
 - The EBSS incentivises businesses to incur efficient operating expenditure. In general, it works by allowing businesses to keep the financial benefit for a set period if it manages to spend less than its allowance in a given year. Once this retention period expires, the ongoing savings are passed on to consumers.
- The service target performance incentive scheme (STPIS).¹⁷
 - The STPIS incentivises improved reliability of supply. The STPIS applies a reward or penalty to network service providers' regulated maximum allowed revenues each year, depending on whether they have over- or under-performed against a benchmark level of reliability (which is based on past performance).

We note the AER has published separate guidelines and undertaken reviews regarding these incentive schemes, which should be viewed as complementary to these network resilience guidelines.

¹⁵ AER, *Capital Expenditure Incentive Guidelines (version 4)*, 26 August 2025.

¹⁶ AER, *Efficiency Benefit Sharing Scheme for Electricity Network Service Providers*, November 2013.

¹⁷ AER, *Electricity transmission network service provider: Service target performance incentive scheme (version 6)*, April 2025; AER, *Electricity distribution network service providers: Service target performance incentive scheme (version 2)*, November 2018.

5 Planning and reporting requirements for resilience

This chapter provides an overview of the resilience planning and reporting requirements applicable to DNSPs. This includes the replacement of distribution annual planning reports (DAPRs) with distribution network development plans (DNDPs) over the next few years.

5.1 DAPRs

Schedule 5.8 of the NER sets out the information that must be included in a DAPR. Clauses S5.8(j1), S5.8(k)(1B) and S5.8(m1) will commence operation on 1 July 2027.¹⁸ Further, the first year in which DNSPs are required to comply with the new resilience reporting rules is 2028.¹⁹

For distribution network resilience, DNSPs must include information required by clause S5.8(j1):

if any severe weather events occurred in the preceding year, information on the performance of the Distribution Network Service Provider and outcomes for consumers as specified by the AER in the Network Resilience Guidelines;

clause S5.8(k)(1B):

an explanation of how the Distribution Network Service Provider takes into account the risks identified under clause 5.13.1(d)(7) when developing and implementing its asset management and investment strategy;

and clause S5.8(m1):

information on the amount and nature of the Distribution Network Service Provider's resilience expenditure which occurred in the preceding year (if any), and on the amount and nature of its planned resilience expenditure in the forward planning period.

5.2 DAPRs to be replaced with DNDPs

On 16 July 2026, the AEMC made a rule to enhance distribution network planning and reporting, which includes replacing the existing DAPR with a new longer-term DNDP that will be supported by annual updates.²⁰ The DAPR resilience reporting obligations will be carried over to the new DNDP framework which commences on 1 December 2027:

- The planning process requirement for severe weather events and outcomes in clause S5.8(j1) will be transferred to clause 5.13.2(a)(1)(viii).

¹⁸ AEMC, *National Electricity Amendment (Including distribution network resilience in the National Electricity Rules) Rule 2025*, 8 May 2025.

¹⁹ NER, clause 11.185.4.

²⁰ AEMC, *National Electricity Amendment (Enhancing Distribution Network Planning and Reporting) Rule 2026*, 16 July 2026.

- The planning requirement for climate and outage risk identification in clause S5.8(k)(1B) will be transferred to S5.8(a)(4), (6).
- The planning process requirements for resilience expenditure (actual and planned) in clause S5.8(m1) will be transferred to clauses 5.13.2(a)(1)(ix) and S5.8(a)(9).

The DNDP framework will have a staggered implementation between now and 2030 and DNDPs are expected to be published with a DNSP's regulatory proposal. The guidelines for the DNDP and annual updates will be developed and published by the AER by no later than 1 March 2028.²¹ Stakeholders are encouraged to view the upcoming DNDP guidelines as complementary to these network resilience guidelines.

5.3 Resilience reporting requirements

NER clause 6.4.6(a)(3) requires the network resilience guidelines to specify the information DNSPs are required to include in their DAPRs under clause S5.8(j1). As the new resilience reporting requirements for the DAPR will be transferred to the new DNDP framework (as set out in section 5.2), we have developed a broad principle for these requirements that will apply under both frameworks.

The AER will have regard to the information submitted in support of principle 6 in considering the extent that resilience planning is integrated into a DNSP's asset management and investment governance framework.

Principle 6: Resilience reporting

DNSPs are to report on planned resilience investments, if applicable, by including the following information in the DAPR:

- If any severe weather event occurred in the preceding year, information on the performance of the DNSP and outcomes for consumers.
- For DNSPs in jurisdictions that have opted in to the SAPS framework, information on the risks of power outages caused by severe weather events (as identified in the distribution annual planning review) for which a potential solution is a regulated SAPS.²²
- An explanation of how the DNSP takes into account the risks of power outages caused by severe weather events (as identified in the distribution annual planning review) when developing and implementing its asset management and investment strategy.²³
- Information on the amount and nature of the DNSP's resilience expenditure which occurred in the preceding year (if any), and the amount and nature of planned resilience expenditure in the forward planning period.

When the DAPR is replaced with the DNDP, this information will be required to be reported in the DNDP.

²¹ NER, clause 11.194.2.

²² As per clause S5.8(d2)(1) of the NER which will commence operation on 1 July 2027.

²³ As per clause S5.8(k)(1B) of the NER which will commence operation on 1 July 2027.

Glossary

Term	Definition
AEMC	Australian Energy Market Commission
AER	Australian Energy Regulator
CESS	capital expenditure sharing scheme
DAPR	distribution annual planning report
DNDP	distribution network development plan
DNSP	distribution network service provider
EBSS	efficiency benefit sharing scheme
ICT	information and communications technology
NER	National Electricity Rules
SAPS	stand-alone power system
STPIS	service target performance incentive scheme
VCR	values of customer reliability
VNR	value of network resilience