

Network resilience guidelines

Explanatory statement to the draft guidelines

September 2026

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1 Overview

The AER exists to ensure energy consumers are better off, now and in the future. Consumers are at the heart of our work, and we focus on ensuring a secure, reliable, and affordable energy future for Australia.

Like other entities, we have been thinking about the future impacts of climate change on networks and local communities. Climatic conditions are changing over time and their impact on electricity networks and affected communities is uncertain – this also means that our assessment of resilience proposals is not straightforward. In undertaking our assessments, we have found that proposed resilience expenditure differs significantly among network service providers (NSPs) as it reflects the different perils and specific locational risks they face. We have also observed the efforts by NSPs to engage with their consumers; although engagement methods contrasted significantly, they were effective and reflective of different customers.

On 8 May 2025, the Australian Energy Market Commission (AEMC) made a final rule to explicitly recognise distribution network resilience in the National Electricity Rules (NER). One of the rule changes required the AER to develop, maintain and publish network resilience guidelines.

Given the new and emerging information about network resilience, we welcome revisiting guidance on network resilience. Since the release of our network resilience guidance note in 2022,¹ we have learnt from recent revenue determinations, feedback raised by stakeholders, and observations made in detailed studies and reports. While our 2022 guidance note is a useful starting point in considering elements of the guidelines, we see the process of developing the network resilience guidelines as an opportunity to review and refresh our understanding of network and community resilience.

We are encouraged by the significant number of submissions and interest from a wide range of stakeholders during our consultation process to date. As this is clearly an issue of importance to all stakeholders, we have been mindful of striking the right balance in developing the draft network resilience guidelines. We encourage stakeholders to view the draft guidelines and this explanatory note with this perspective in mind and when making a submission in response to these documents.

1.1 Including distribution network resilience in the NER

On 23 August 2024, the Victorian Minister for Energy and Resources submitted a rule change request to the AEMC seeking to improve how distribution network service providers (DNSPs) and the AER account for distribution network resilience. This followed the Victorian

¹ AER, *Network resilience: A note on key issues* (guidance note), April 2022.

Government's 2 expert reviews into electricity network resilience following widespread power outages caused by severe weather events in Victoria.²

In response to the Victorian Minister's rule change request, the AEMC made a final rule on 8 May 2025 to explicitly recognise distribution network resilience in the NER. The AEMC stated that this will provide regulatory clarity for DNSPs and the AER around how to assess the economic efficiency of resilience expenditure proposals to reduce the risk and impact on consumers caused by severe weather events, accounting for the impacts of climate change.³

The rule also establishes a formal framework for distribution network resilience in the NER, which includes the following 3 changes.⁴

1) New network resilience expenditure factors

'New resilience expenditure factors' have been added to the existing capital and operating expenditure factors that the AER must have regard to in determining whether it is satisfied that the forecast expenditure reasonably reflects the capital expenditure and operating expenditure criteria.⁵ Specifically, it requires the AER to have regard to the extent to which the capital and operating expenditure forecast would efficiently reduce the risk and impact on consumers of power outages caused by severe weather events.⁶

The AEMC's rule also provides that from 2 October 2025, the Victorian DNSPs may take the new resilience expenditure factors into account in their revised proposals for the 2026–31 regulatory control period.⁷ Accordingly, the AER had regard to the new factors in its final determinations on those proposals.⁸

More generally, the capital and operating expenditure factors, like the new resilience expenditure factors, are linked to the capital and operating expenditure criteria, which in turn are linked to the capital and operating expenditure objectives. Therefore, the new resilience expenditure factors in the final rule are a driver or input, amongst others, to satisfying the expenditure objectives. DNSPs and the AER must have regard to the resilience expenditure factors in the NER that refer to the extent to which the capital or operating expenditure forecast will efficiently reduce the risk and impact on consumers of power outages caused by severe weather events.⁹

² Expert Panel for the Victorian Government, *Electricity Distribution Network Resilience Review*, 2022; Network outage review expert panel, *Independent review of transmission and distribution businesses operational response – February 2024 storm and power outage event*, 2024.

³ AEMC, [Rule determination: National Electricity Amendment \(including distribution network resilience in the national electricity rules\) Rule](#), 8 May 2025 (AEMC, *Rule determination*).

⁴ AEMC, *Rule determination*, p. ii.

⁵ 'New resilience expenditure factors' means the amendments made by the AEMC's rule change to the *operating expenditure factors* in clause 6.5.6(e) and the *capital expenditure factors* in clause 6.5.7(e).

⁶ NER, clauses 6.5.6(e)(4), 6.5.7(e)(4).

⁷ NER, clause 11.185.3(a).

⁸ NER, clause 11.185.3(c).

⁹ AEMC, *Rule determination*, p. 8.

2) Network resilience guidelines

By 1 December 2026, the AER must develop and publish the network resilience guidelines in accordance with clause 6.4.6 of the NER.¹⁰ Clause 6.4.6 sets out 5 categories of information that must be included in the guidelines – these requirements form our terms of reference, which we detail in section 3.1.

Additionally, to develop and publish the guidelines, we are required to follow the standard consultation procedure set out in the NER. This involves a 3-stage process where we release a consultation paper in stage 1, our draft guidelines in stage 2, and the final guidelines in stage 3. We will be consulting stakeholders and seeking submissions during stages 1 and 2 to help inform our guidelines. The indicative milestones for our guidelines process are set out in section 1.3.

Finally, we note the AEMC's rule determination recognises that the resilience space continues to evolve and, as such, its rule change did not require the network resilience guidelines to be binding. However, we expect DNSPs to develop their network resilience expenditure proposals in accordance with the AER's expectations set out in the guideline. The AER will make a distribution determination in accordance with the requirements set out in the NER, and in accordance with the general approach adopted in the guideline.

3) New DNSP planning and reporting requirements for resilience

'New resilience reporting rules' have been added to the existing requirements that DNSPs follow in their planning and reporting obligations under the NER.¹¹ The first year in which DNSPs are required to comply with the new resilience reporting rules is 2028.¹²

DNSPs are required to self-assess their performance and outcomes for consumers in any severe weather event that occurred in the preceding year and set this out in their distribution annual planning reports (DAPRs). In its determination, the AEMC noted that:¹³

... the purpose of new resilience reporting in the DAPR is to improve accountability and transparency by requiring each DNSP to summarise their resilience activities, expenditure and performance in a single report that is easily accessible by interested stakeholders (e.g. consumers, stakeholders and jurisdictions).

The effect of this rule is that DNSPs will need to consider the impacts of climate change on their networks and identify risks of power outages caused by severe weather events. DNSPs will also need to reflect these issues in the development and implementation of their asset management and investment strategies.

The network resilience guidelines will specify the information DNSPs need to include in their DAPRs. This is further discussed in chapter 6 of this document.

¹⁰ NER, clause 11.185.2.

¹¹ 'New resilience reporting rules' means the amendments made by the AEMC's rule change to clause 5.13.1 (*distribution annual planning review*) and Schedule 5.8 (*distribution annual planning report*).

¹² NER, clause 11.185.4.

¹³ AEMC, *Rule determination*, p. 37.

1.2 Network resilience guidelines

Clause 6.4.6(a) of the NER requires the AER, in accordance with the NER consultation procedures, to develop, maintain and publish network resilience guidelines that:

1. Provide examples of resilience expenditure, which may include expenditure to assist DNSPs to:
 - a) continue to safely provide adequate network services despite severe weather events;
 - b) communicate effectively with consumers, emergency services personnel and other relevant bodies before, during and after a severe weather event;
 - c) 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 DARPs 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.

The network resilience guidelines are designed to support DNSPs with accounting for the new resilience expenditure factors in their resilience expenditure proposals and in meeting their resilience reporting obligations under the NER.

These guidelines also serve a broader purpose in explaining the AER's assessment framework in assessing expenditure, including expenditure proposals for network resilience and community resilience. We recognise that all types of stakeholders have an interest in resilience and intend for these guidelines to be useful in informing discussions around the initiatives proposed to address resilience needs.

1.3 Consultation process

The draft guidelines and this explanatory statement incorporate feedback from the 29 public and 2 confidential submissions we received in response to our 4 June 2026 consultation paper. A summary of the feedback raised in the public submissions can be found in **Appendix A**.

We are now seeking views on our draft guidelines and invite interested parties to make written submissions to us by **Thursday, 15 October 2026**.

Submissions should be sent to capex@aer.gov.au in a text readable document format (such as Microsoft Word or PDF) and addressed to the Executive General Manager Network Regulation.

We prefer that all submissions be publicly available to facilitate an informed and transparent consultative process. We will treat submissions as public documents unless otherwise requested.

Parties wishing to submit confidential information should:

- 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.

All non-confidential submissions will be published on our website. For further information regarding the AER's use and disclosure of information provided to it, see the [ACCC/AER Information Policy](#) available on the AER's website.

In terms of next steps, the second stage involves consulting on the draft guidelines ahead of the final guidelines being released in November 2026. Table 1 sets out the key milestones in this review.

Table 1 **Key milestones**

Milestone	Indicative date
Consultation paper published	June 2026
Submissions to consultation paper closed	July 2026
Draft guidelines published for consultation	September 2026
Submissions to draft guidelines close	October 2026
Final guidelines published	November 2026

We thank the networks, consumer groups, individual consumers, government agencies and industry stakeholders that have participated in our guidelines consultation process to date.

While there are no public forums currently scheduled, we are open to further engagement with interested parties to capture the full range of stakeholder views. Please contact us at capex@aer.gov.au if you would like to schedule a meeting or if you have any questions about this paper or lodging a submission.

2 Definition of network resilience

This chapter sets out the AER's definition of 'network resilience'.

2.1 Issues

In our 2022 guidance note, we defined network resilience as:¹⁴

A performance characteristic of a network and its supporting systems (e.g. emergency response processes, etc.). It is the network's ability to continue to adequately provide network services and recover those services when subjected to disruptive events.

The guidance note recognises that, as a performance characteristic or feature of a network, network resilience directly influences (brings about) service level outcomes (namely, maintenance of reliability, safety and network security) which are expenditure objectives in the NER. There is therefore a close relationship that exists between resilience and reliability because resilience is an input that contributes to the achievement of overall reliability – an expenditure objective and one of the service level outcomes.

The NER defines reliability as:¹⁵

The probability of a system, device, *plant* or equipment performing its function adequately for the period of time intended, under the operating conditions encountered.

Since the release of our guidance note and the review of resilience-related proposals, the definition of network resilience has been tested. Our consultation paper noted that a key factor in determining whether the expenditure is resilience-related is whether resilience is the primary driver of the proposed expenditure; that is whether the primary driver or need for the expenditure is to address outages of more than 12 hours from severe weather events.¹⁶

The AEMC noted that it did not include a definition of resilience in the NER so that the AER may update its definition of resilience through the network resilience guidelines:¹⁷

The Commission has not defined resilience in the NER. The AER already has a definition of resilience in its guidance note, which the AER may update when it develops guidelines to improve its guidance to DNSPs. This will also enable the definition to evolve over time as appropriate in consultation with stakeholders, noting the evolving nature of our understanding of severe weather events and the interaction with climate change.

¹⁴ AER, *2022 guidance note*, p. 6.

¹⁵ NER, Chapter 10.

¹⁶ This is in line with the current Value of Network Resilience (VNR) methodology, where different multipliers of Values of Customer Reliability (VCR) are being used to quantify the value of outages over 12 hours.

¹⁷ AEMC, *Rule determination*, p. 22.

Lastly, the AEMC stated that its rule change to include network resilience in the NER applies specifically to distribution:¹⁸

Transmission Network Service Providers... are already able to seek approval for resilience expenditure under the current economic regulatory framework and our final rule will not change these arrangements and should not create any uncertainty relating to these existing arrangements.

2.2 Stakeholder views

Our consultation paper requested stakeholder views on the following:

- What are your views on the definition of network resilience?
- What are your views on whether the network resilience guidelines should apply to transmission network service providers?

In the submissions we received, several stakeholders provided feedback on the definition of network resilience. Stakeholders were broadly supportive of the definition: AusNet submitted that it is broadly fit for purpose, SAPN noted it is broadly sound, and Sandy Point Community Power supported the proposed definition.¹⁹

Most submissions sought clarity on key terms in the definition, and the inclusion of certain terms:

- Several submissions sought clarity on the term ‘disruptive events’ or replaced it with ‘severe weather events’. Erne Energy, AusNet, Energy Queensland and the Justice and Equity Centre (JEC) preferred specific reference to severe weather events or climate events.²⁰ SA Power Networks (SAPN) requested a definition and examples of severe weather events.²¹ Persistence Analytics Group (PAG) suggested that the definition refer to solutions such as mobile assets and demand-side measures.²² Erne Energy also noted the definition should be clear on whether network resilience applies to cyber security risks.²³

¹⁸ AEMC, *Rule determination*, p. 21.

¹⁹ AusNet Services (AusNet), *Submission – AER Network resilience guidelines consultation paper*, July 2026, p. 3; SA Power Networks (SAPN), *Submission – AER Network resilience guidelines consultation paper*, July 2026, p. 3; Sandy Point Community Power, *Submission – AER Network resilience guidelines consultation paper*, July 2026, p. 2.

²⁰ Erne Energy, *Submission – AER Network resilience guidelines consultation paper*, July 2026, p. 8; AusNet, *Submission*, p. 3; Energy Queensland, *Submission – AER Network resilience guidelines consultation paper*, July 2026, p. 3; Justice and Equity Centre (JEC), *Submission – AER Network resilience guidelines consultation paper*, July 2026, p. 7.

²¹ SAPN, *Submission*, p. 3.

²² Persistence Analytics Group LLC (PAG), *Submission – AER Network resilience guidelines consultation paper*, July 2026, p. 2.

²³ Erne Energy, *Submission*, p. 8.

- Bartley and Grenning, JEC, Essential Energy, Endeavour Energy, Energy Queensland, ParamCo, TasNetworks, and SAPN sought greater distinction between reliability and resilience. For example:²⁴
 - The JEC submitted that the current definition is too broad and ambiguous and overlaps substantially with reliability, noting ‘The AER should align its definition with the rules focus on the risks and impacts arising from prolonged outages and focus its definition of resilience on the resilience of electricity services, rather than network assets.’²⁵
 - Endeavour Energy cautioned against the inclusion of a time-based threshold in the definition, because ‘... the impact of severe weather events is not easily predictable, using an arbitrary hourly threshold may inadvertently rule out legitimate resilience expenditure that customers and communities value.’²⁶
- Submissions from the Australian Telecommunications Alliance (ATA), Before You Dig Australia (BYDA) and The Mantua Group (Mantua) suggested that the definition recognise critical infrastructure interdependencies between essential providers.²⁷
- Some submissions noted the definitions of network resilience in other agencies/bodies and overseas. Rhizome Data submitted that the AER’s definition of network resilience is a good starting point and consistent with other definitions by international standard-setting bodies.²⁸ Ausgrid preferred the definition by the Institute of Electrical and Electronics Engineers and recommended the AER align its definition with those used by international bodies and in Australia.²⁹

We also received a mix of views as to whether the network resilience guidelines should also apply to transmission network service providers (TNSPs).

- AusNet, Investor Group on Climate Change (IGCC), JEC, Paramco, and PAG showed support for the guideline to apply to TNSPs.³⁰ In particular, JEC suggested that a consistent approach across all network service providers will improve transparency, assessment of expenditure proposals and regulatory outcomes for consumers.³¹

²⁴ Helen Bartley and Mark Grenning (Bartley and Grenning), *Submission – AER Network resilience guidelines consultation paper*, July 2026, pp. 17–18; JEC, *Submission*, p. 6; Essential Energy, *Submission – AER Network resilience guidelines consultation paper*, July 2026, p. 4; Endeavour Energy, *Submission – AER Network resilience guidelines consultation paper*, July 2026, p. 8; Energy Queensland, *Submission*, p. 9; ParamCo, *Submission – AER Network resilience guidelines consultation paper*, July 2026, p. 2; TasNetworks, *Submission – AER Network resilience guidelines consultation paper*, July 2026, p. 1; SAPN, *Submission*, p. 1.

²⁵ JEC, *Submission*, pp. 8, 11.

²⁶ Endeavour Energy, *Submission*, p. 3.

²⁷ Australian Telecommunications Alliance (ATA), *Submission – AER Network resilience guidelines consultation paper*, July 2026, p. 5; Before You Dig Australia (BYDA), *Submission – AER Network resilience guidelines consultation paper*, July 2026, p. 4; The Mantua Group (Mantua), *Submission – AER Network resilience guidelines consultation paper*, July 2026, pp. 6–7.

²⁸ Rhizome Data, *Submission – AER Network resilience guidelines consultation paper*, July 2026, p. 1.

²⁹ Ausgrid, *Submission – AER Network resilience guidelines consultation paper*, July 2026, p. 4.

³⁰ AusNet, *Submission*, p. 3; Investor Group on Climate Change (IGCC), *Submission – AER Network resilience guidelines consultation paper*, July 2026, p. 6; JEC, *Submission*, p. 11; ParamCo, *Submission*, p. 4; PAG, *Submission*, p. 3.

³¹ JEC, *Submission*, p. 11.

- Energy Networks Australia (ENA) and Erne Energy were not supportive of the application of the guidelines to TNSPs.³² ENA submitted that ‘Transmission networks differ fundamentally from distribution networks in terms of nature of the assets, risk profiles and customer impacts’, and that ‘The AEMC’s rule change was initiated in direct response to issues specific to electricity distribution.’³³
- Several stakeholders noted that if the guidelines were to apply to transmission, it should be specific circumstances of TNSPs.³⁴ TasNetworks noted that further consultation would be required to determine how some elements that do not translate could be appropriately applied to transmission.³⁵

2.3 AER draft position

Principle 1 in the draft guidelines sets out our position on the AER’s definition of network resilience (the text in **bold** reflects the change from the definition set out in our 2022 guidance note).

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.

We came to this definition having regard to the following:

- We agree with submissions seeking further clarity on what is meant by disruptive events and on the distinction between reliability and resilience. Our proposed definition therefore refers to ‘prolonged outages caused by severe weather events’ which aligns with the AEMC’s new resilience expenditure factors. Specific reference to weather events also makes a distinction between other nation-wide risks (unrelated to weather), such as system strength, system black risks, and cyber and physical security risks where there are separate regulatory obligations that apply to NSPs under the Security of Critical Infrastructure (SoCI) Act. We note that expenditure to address non-weather related risks can be proposed by DNSPs in other expenditure categories. For instance, we have assessed expenditure to address cyber-related risks as ICT expenditure in previous decisions.
- Our guidelines include examples of severe weather events we have provided resilience expenditure for, namely bushfires, windstorms and floods. However, we note that we would consider other types of severe weather events on a case-by-case basis.

³² Energy Networks Australia (ENA), *Submission – AER Network resilience guidelines consultation paper*, July 2026, p. 5; Erne Energy, *Submission – AER Network resilience guidelines consultation paper*, July 2026, p. 8.

³³ ENA, *Submission*, pp. 2, 5.

³⁴ ENA, *Submission*, p. 2; Transgrid, *Submission*, p. 1; TasNetworks, *Submission*, p. 2.

³⁵ TasNetworks, *Submission*, p. 2.

- We appreciate that the close relationship between resilience and reliability means there may be a lack of clarity when these topics are discussed. Resilience expenditure relates to investments that are intended to specifically address prolonged outages caused by severe weather events, while reliability related expenditure does not have that specificity. For the avoidance of doubt, we have defined prolonged outages as typically outages of more than 12 hours from severe weather events. This is in line with the current Value of Network Resilience (VNR) methodology, where different multipliers of Values of Customer Reliability (VCR) are being used to quantify the value of outages over 12 hours.³⁶ To provide flexibility, our guidelines note that this time-based threshold is only a guide and will be assessed on a case-by-case basis. More generally, we note that the distinction between the 2 terms is not critical from an assessment point of view. That is, the AER will undertake an assessment of prudence and efficiency of the proposed expenditure, which includes ensuring that there is no double-counting of benefits, regardless of whether the main driver of the expenditure is resilience or reliability.
- Our definition is technology and solution neutral so that DNSPs will have flexibility in proposing different resilience initiatives, especially in an evolving energy environment.
- We acknowledge the important linkages that DNSPs have with other essential service providers to support communities (such as emergency services, local councils, telecommunications). However, we consider that the definition of network resilience should adhere to the requirements of a distribution network in providing network services as described in the NER.³⁷ Under the NER, the requirements of a DNSP in providing network services do not include responsibilities to other essential service providers. Despite this, our guidelines acknowledge the cascading impact on essential services providers by noting that the interrelationship between electricity and other essential service providers is a factor we may have regard to when assessing proposed initiatives to improve communication between these parties. The sharing of data across agencies is an example of a community resilience program that supports this initiative.
- We had regard to definitions of network resilience by other bodies in Australia and overseas. We note that the definition of network resilience can differ, depending on what the definition is being used for. In the AER's case, the reason for defining network resilience is to set the boundaries to determine how proposed expenditure is to be treated. We also want to ensure it is accessible, so that the guidelines assist all stakeholders in discussions about network resilience initiatives. We consider that our proposed definition balances consistency with some of these definitions, while aligning with the new resilience expenditure factor and being accessible to all stakeholders.

³⁶ The VNR reflects the values that different customers place on having reliable electricity supply for prolonged outages beyond 12 hours in duration (prolonged outages) and is an input used in proposing resilience investments. The VCR seeks to reflect the values that different types of customers place on having reliable electricity supply for unplanned power outages of up to 12 hours and is an input used in proposing reliability investments.

³⁷ NER, Chapter 10. 'Distribution' refers to 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. 'Network service' refers to the transmission service or distribution service associated with the conveyance, and controlling the conveyance, of electricity through the network.

Our network resilience guidelines were developed in the context of distribution network resilience and apply to DNSPs across the National Electricity Market. While network resilience is a common issue faced by all NSPs, we note the caution expressed by some stakeholders that further consultation and consideration is required to determine whether principles in our guidelines can be applied to transmission in full. We therefore consider that the high-level principles in our guidelines could be used by TNSPs as a starting point in developing resilience expenditure proposals, but their applicability should be assessed on a case-by-case basis.

3 Definition of community resilience

This chapter sets out the AER's definition of 'community resilience'.

3.1 Issues

A definition of community resilience acknowledges the role that DNSPs play in supporting communities impacted by severe weather events. In the 2022 guidance note, community resilience was defined as 'the ability of communities to withstand and recover from the impacts of natural disasters'.³⁸

To date, the AER's approach is to accept prudent and efficient community resilience linked to the provision of a distribution service as defined under the NER; where a distribution service is defined as a service provided by means of, or in connection with, a distribution system.³⁹

Since the 2022 guidance note, we have come to understand the importance of collaboration between essential service providers and the community. In this regard, we have accepted resilience expenditure that further supports collaboration and coordination between these parties, such as enhanced information sharing initiatives and community resilience liaison officers, where these expenditures are in connection with a network service. We therefore recognise that a DNSP's role in supporting community resilience is broader than the management of its network assets.

At the same time, we are aware that other resilience actors may be better placed to provide the appropriate support for local communities to plan and recover from the impacts of severe weather events. In this regard, the delineation of a DNSP's role is important in providing clarity to all stakeholders involved in community resilience.

3.2 Stakeholder views

Our consultation paper requested stakeholder views on the following:

- What are your views on the definition of community resilience?
- What are your views on the factors the AER has regard to when assessing community resilience?

AusNet, CitiPower, Powercor, United Energy (collectively known as CPU), Endeavour Energy, and Dr Helen Haines MP were broadly supportive of the AER's proposed definition of community resilience.⁴⁰ Strathbogie Shire Council suggested the guidelines recognise quality of life, health, wellbeing and community resilience as legitimate investment benefits.⁴¹ However, the JEC considered a separate definition for network and community resilience is

³⁸ Our definition of community resilience in the 2022 guidance note adopted the definition used in the Final Report of the 2020 Royal Commission into National Natural Disaster Arrangements.

³⁹ NER, Chapter 10.

⁴⁰ AusNet, *Submission*, p. 6; CitiPower, Powercor, United Energy (collectively known as CPU), *Submission – AER Network resilience guidelines consultation paper*, July 2026, p. 6; Endeavour Energy, *Submission*, p. 7; Dr Helen Haines MP, *Submission – AER Network resilience guidelines consultation paper*, July 2026, p. 1.

⁴¹ Strathbogie Shire Council, *Submission – AER Network resilience guidelines consultation paper*, July 2026, p.8

not warranted; that ‘Many of the activities currently described as ‘community resilience’ could instead be incorporated within a single resilience framework focused on helping consumers manage the impacts of, and recover from, prolonged outages caused by extreme weather events.’⁴²

CPU, Essential Energy, and Bartley and Grenning suggested the definition of community resilience should recognise the role that DNSPs play in preparing communities for severe weather events.⁴³ For example, CPU submitted that:⁴⁴ ‘The proposed definition of community resilience is broadly appropriate. However, it would be improved by explicitly recognising the importance of preparedness. Proper preparation has the ability to reduce the severity and longevity of impacts on communities, and therefore solutions that support improved preparation should also be considered as part of community resilience expenditure.’

The ATA, Strathbogie Shire Council, Telstra, and the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts (Department of Infrastructure) suggested the definition should reflect the interrelationships between DNSPs and other critical infrastructure to assist communities prepare for, assist during, and recover after severe weather events.⁴⁵ The Department of Infrastructure submitted that when assessing community resilience, the AER should consider the importance of critical infrastructure that is dependent on reliable power to provide critical community services, such as communications and broadcasting assets.⁴⁶ The ATA also suggested that the AER’s definition of community resilience could further recognise the impact to overall community resilience when other services that inherently rely on power are also lost during a natural disaster or other emergency.⁴⁷

Conversely, the Centre for Smart Power and Energy Research (CSPER) states that ‘... clear boundaries are important. Broad disaster-management functions should not be transferred to electricity consumers where they are more appropriately undertaken by governments, emergency agencies, telecommunications providers, or community organisations.’⁴⁸ Additionally, the Local Government Association of Queensland (LGAQ) cautioned against ‘... any unintended cost shifting to local governments.’⁴⁹

⁴² Justice and Equity Centre (JEC), *Submission – AER Network resilience guidelines consultation paper*, July 2026, p.9

⁴³ JEC, *Submission*, p. 9; CPU, *Submission*, p. 6; Essential Energy, *Submission*, p. 3; Bartley and Grenning, *Submission*, p. 24.

⁴⁴ CPU, *Submission*, p. 6.

⁴⁵ ATA, *Submission*, p. 11; Strathbogie Shire Council, *Submission*, p. 3; Telstra, *Submission – AER Network resilience guidelines consultation paper*, July 2026, p. 2; the Commonwealth Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts (Department of Infrastructure), *Submission – AER Network resilience guidelines consultation paper*, July 2026, p. 2.

⁴⁶ Department of Infrastructure, *Submission*, p. 3.

⁴⁷ ATA, *Submission*, p. 7.

⁴⁸ Centre for Smart Power and Energy Research (CSPER), *Submission – AER Network resilience guidelines consultation paper*, July 2026, p. 7.

⁴⁹ Local Government Association of Queensland (LGAQ), *Submission – AER Network resilience guidelines consultation paper*, July 2026, p. 4.

3.3 AER draft position

Principle 2 in the draft guidelines sets out our position on the AER's definition of community resilience (the text in **bold** reflects the change from the definition set out in our 2022 guidance note).

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.

We came to this definition having regard to the following:

- We agree with submissions that the definition should reflect a DNSP's role in assisting communities to better prepare for severe weather events. We have clarified in our definition that a DNSP has a role to assist communities before, during and after severe weather events, if it is in connection with a network service as defined under the NER.
- While we acknowledge the importance of collaboration and cooperation between DNSPs and other resilience actors, our definition does not refer to that interrelationship. This is because the purpose of the definition of community resilience is to set the boundaries of what DNSPs are responsible for, which is linked to the definition of a network service. We encourage initiatives to enhance service provider collaboration in support of community resilience. Enhanced information sharing between DNSPs and other resilience actors is one key example. We further consider that our proposed definition does not impede development of these important relationships.
- We consider that a separate definition for community resilience is warranted. The new resilience expenditure factors require the AER to have regard to, (with emphasis added in bold) the extent to which the capital and operating expenditure forecast would efficiently reduce the risk **and impact on consumers of power outages** caused by severe weather events.⁵⁰ Having a separate definition recognises that affected communities can also benefit from initiatives that do not involve investment in network assets. For instance, community resilience initiatives such as community liaison officers ensure that there is a local presence to support the community on-the-ground – before, during and after severe weather events. These officers would share information, help communities make more informed decisions, and engage with local government and councils on the communities' needs.
- Like the definition of network resilience, our definition for community resilience also refers to 'prolonged outages caused by severe weather events' as this aligns with the new resilience expenditure factors. We have also included some examples of severe weather events to provide clarity for stakeholders and noted that we would consider other types of severe weather events on a case-by-case basis.

⁵⁰ NER, clauses 6.5.6(e)(4), 6.5.7(e)(4).

4 Supporting information for network resilience and community resilience expenditure

This chapter sets out our expectations of supporting information that DNSPs submit with their proposals for network resilience and community resilience expenditure.

4.1 Issues

In our 2022 guidance note, we outlined the framework and criteria we use to assess resilience funding, including our expectations of NSPs in providing evidence to support ex-ante resilience-related funding. As part of providing evidence that the proposed resilience funding is prudent and efficient to achieve the expenditure objectives, we expected NSPs to demonstrate, within reason, that:⁵¹

- *There is an identified need* – There is a causal relationship between the proposed resilience expenditure and the expected increase in the severe weather events.
- *There is testing of the preferred option* – The proposed expenditure is required to maintain service levels and is based on the option that likely achieves the greatest net benefit of the feasible options considered.
- *There is genuine consumer engagement* – Consumers have been fully informed of different resilience expenditure options, including the implications stemming from these options, and that they are supportive of the proposed expenditure.

In our consultation paper, we noted that we are not wedded to these criteria and are open to revisiting them in developing the guidelines.

On our expectations of genuine consumer engagement, our consultation paper noted that we found the following information useful in demonstrating that consumer preferences were identified and that resilience proposals were being tested with consumers.

- Evidence of discussions and outcomes from studies, workshops, and forums to demonstrate how consumers' preferences were identified.
- Evidence of support from the wider consumer base on their preferences for bearing resilience costs to address localised impact that would otherwise not directly affect them. This evidence is key information we have regard to when assessing proposed resilience expenditure as it includes a discussion about the various solutions available to address the impact on the network and communities.
- Demonstration of how the NSP has developed and canvassed credible alternative options for consumer consultation. We have observed that consumer preferences are less likely to be reflected in regulatory proposals where a narrow range of options or a single preferred solution is presented for consultation. In developing credible options for

⁵¹ AER, *guidance note*, pp. 9–13.

consumer consultation, NSPs should be transparent regarding the trade-offs for alternative options.

- Demonstration of how competing preferences were addressed. We appreciate that consumers will have different preferences, so we expect NSPs to seek to understand and balance the interests of its consumer cohorts.

Further, NER clause 6.4.6(a) requires that, amongst other matters, that:

(a) The AER must, in accordance with the NER consultation procedures, develop, maintain and publish guidelines (the 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.

4.2 Stakeholder submissions

Our consultation paper requested stakeholder views on the following and noted that we would be open to other issues raised by stakeholders:

- What are your views on a standardised resilience template?
- What are your views on implementing a requirement on DNSPs to provide actual resilience spend through Annual Information Orders?
- What are your views on the type of data that might be useful and publicly available?
- What are your views on the evidence that the AER has had regard to in assessing a business' preferred resilience solution?
- What are your views on the key features of genuine consumer engagement on resilience proposals?

Ausnet, Bartley and Grenning, and Erne Energy supported the current set of criteria,⁵² whereas Ausgrid and CPU sought a change in the criteria.⁵³ Ausgrid's submission recommended the AER to develop new principles in the guidelines that are focused on the

⁵² AusNet, *Submission*, p. 4; Bartley and Grenning, *Submission*, p. 18; Erne Energy, *Submission*, p. 9.

⁵³ Ausgrid, *Submission*, p. 5; CPU, *Submission*, pp. 3–4.

concepts and outcomes that will ensure resilience expenditure is proposed and tested with trusted science, proven methodologies and transparent assumptions.⁵⁴

Most submissions supported broad, principles-based guidelines to account for differences between DNSPs' resilience needs. Endeavour Energy suggested that the guidelines provide DNSPs with the flexibility to apply suitable datasets, methodologies and models to support resilience programs and projects that reflect their specific climate change risks, network issues and community needs.⁵⁵ ENA and TasNetworks sought examples and case studies to assist NSPs in developing resilience proposals.⁵⁶

Our consultation paper sought views on collecting information and data from NSPs that the AER has found useful in assessing resilience expenditure. Examples included standardised historical outage data and actual spend on resilience in the regulatory control period. We received a mix of views from stakeholders:

- SAPN suggested that new reporting requirements should be simple, integrated, and outcomes focused.⁵⁷
- CPU and Ausnet expressed concerns about duplication of data collection for the Victorian DNSPs.⁵⁸ For example, AusNet suggested:⁵⁹

‘...resilience reporting and information collection requirements should be designed to minimise duplication and administrative burden. In Victoria, DNSPs are already implementing Network Resilience Plans and associated annual reporting obligations. Any new reporting requirements through Distribution Annual Planning Reports or Annual Information Orders should be aligned with existing frameworks wherever possible.’
- Ausgrid and ENA were not supportive of a standardised template.⁶⁰ Ausgrid noted ‘Standardised inputs will not necessarily enable like-for-like comparisons, as they may mask material differences in analytical methods, network context and customer impacts. They also risk biasing investment towards solutions that are easiest to report, rather than those that best address resilience needs’.⁶¹
- Alternatively, Erne Energy, Bartley and Grenning, JEC, and Rhizome Data supported the use of standardised templates.⁶² Rhizome Data noted that prescribing a standardised resilience template is commonplace across geographies, such as the approach taken in the United States of America, the United Kingdom, and Canada.⁶³

⁵⁴ Ausgrid, *Submission*, pp. 5–6.

⁵⁵ Endeavour Energy, *Submission*, p. 2.

⁵⁶ ENA, *Submission*, p. 2; TasNetworks, *Submission*, p. 2.

⁵⁷ SAPN, *Submission*, p. 1.

⁵⁸ CPU, *Submission*, p. 6; AusNet, *Submission*, p. 4.

⁵⁹ AusNet, *Submission*, p. 2.

⁶⁰ Ausgrid, *Submission*, p. 5; ENA, *Submission*, pp. 1–2.

⁶¹ Ausgrid, *Submission*, p. 5.

⁶² Erne Energy, *Submission*, p. 8; Bartley and Grenning, *Submission*, p. 19; JEC, *Submission*, p. 11; Rhizome Data, *Submission*, p. 2.

⁶³ Rhizome Data, *Submission*, p. 2.

Most submissions sought further clarity on elements in the guideline:

- Some submissions supported the use of probabilistic modelling approaches. CPU stated ‘...the AER’s assessment processes to date have maintained a focus on historical precedent. As such we would encourage the AER shift its focus to forward looking risk assessments, particularly in relation to these high impact but low probability events.’⁶⁴ Ausgrid supported the use of probabilistic modelling to demonstrate the probable benefits of investment and that ‘...historical outage data can be useful in calibrating models but it, and base year comparisons, cannot be relied upon alone to forecast the severity, frequency and location of outages.’⁶⁵
- Endeavour Energy sought clarity on the role and treatment of scientific climate modelling and determining its impact on incremental resilience expenditure.⁶⁶ Ausgrid noted the importance of best-practice climate modelling as information to support resilience proposals.⁶⁷ In contrast, Bartley and Grenning submitted that, while publicly available climate data and downscaled modelling are useful inputs, their limitations mean they should not be treated as definitive proof of future network resilience needs over a regulatory period.⁶⁸ Erne Energy also questioned the value of significant investment in climate modelling and noted that, ‘Understanding how the uncertainty propagates through using multiple models is important because it limits the ability of any climate modelling to accurately and precisely identify the location, scale (intensity and impact) and timing of a severe weather event. because of the uncertainty that is associated with these models.’⁶⁹
- ENA and Bartley and Grenning sought further guidance on the assessment of operating expenditure proposed for resilience initiatives.⁷⁰ ENA observed that:⁷¹ ‘To date, decisions have only approved [operating expenditure] where it relates to significant events, but [operating expenditure] is still incurred for resilience for non-significant events. Current regulatory outcomes may unintentionally favour capital solutions where operational solutions could provide a more efficient means of delivering resilience benefits to customers and communities. We encourage the AER to reconsider its current treatment of resilience [operating expenditure] to ensure investments are delivered efficiently.’
- Bartley and Grenning sought clarity around how the AER will have regard to the VNR and VCR when assessing resilience proposals.⁷² They also noted their concerns that the network resilience guidelines will be based on the 2024 temporary VNR and urged the AER to progress a robust long-term VNR methodology.⁷³

⁶⁴ CPU, *Submission*, p. 5.

⁶⁵ Ausgrid, *Submission*, p. 6.

⁶⁶ Endeavour Energy, *Submission*, p. 6.

⁶⁷ Ausgrid, *Submission*, p. 7.

⁶⁸ Bartley and Grenning, *Submission*, p. 20.

⁶⁹ Erne Energy, *Submission*, p. 5.

⁷⁰ ENA, *Submission*, p. 3; Bartley and Grenning, *Submission*, p. 21.

⁷¹ ENA, *Submission*, p. 3.

⁷² Bartley and Grenning, *Submission*, p. 31.

⁷³ Bartley and Grenning, *Submission*, pp. 16, 30.

- SAPN and Bartley and Grenning considered the expectations for supporting evidence should be proportionate to the size of the resilience investment.⁷⁴ SAPN observed that:⁷⁵ ‘Robust cost benefit analysis for resilience investments will often require bespoke climate/hazard modelling and clear evidence of the network’s exposure and vulnerability to severe weather. For smaller resilience proposals (e.g. trials of new equipment, community engagement, data sharing and coordination initiatives), the cost of undertaking this level of analysis may become disproportionate. This creates a risk that worthwhile investments are discouraged because the supporting assessment burden is too high.’
- Most submissions agreed with types of evidence set out in the consultation paper that the AER would expect to demonstrate genuine customer engagement. For example, the JEC submitted that engagement should begin with consumer values and priorities rather than with assessment of technical solutions; and where possible, discussions should focus on the outcomes consumers want from resilience investments before considering how those outcomes should be delivered.⁷⁶ Bartley and Grenning suggested that in addition to the customer engagement principles noted in the AER’s consultation paper, other factors to consider include the purpose of the engagement and whether that purpose was achieved, who was engaged, and how they were selected in the engagement.⁷⁷
- Dr Helen Haines MP, Sandy Point Community Power Inc., and Strathbogie Shire Council recommended that weight be placed on other qualitative factors in assessing community resilience proposals.⁷⁸ Strathbogie Shire Council observed that current regulatory approaches continue to place disproportionate emphasis on traditional economic efficiency assessments while failing to adequately recognise the social, safety and community-wide benefits.⁷⁹
- The JEC also recommended that, ‘The guidelines should also recognise that resilience improvements are not always infrastructure investments. Network service resilience can be improved through better planning, communication, preparedness or operational practices. While the benefits of such responses may be more difficult to quantify, they may be more effective and better aligned with consumer preferences.’⁸⁰

4.3 AER draft position

Principles 3 and 4 in the draft guidelines and set out below are what the AER expects in support of the prudence and efficiency of network resilience and community resilience proposals.

⁷⁴ SAPN, *Submission*, pp. 1–2; Bartley and Grenning, *Submission*, pp. 17–18.

⁷⁵ SAPN, *Submission*, p. 2.

⁷⁶ JEC, *Submission*, p. 8.

⁷⁷ Bartley and Grenning, *Submission*, p. 23.

⁷⁸ Dr Helen Haines MP, *Submission*, p. 1; Sandy Point Community Power Inc., *Submission*, p. 1; Strathbogie Shire Council, *Submission*, p. 1.

⁷⁹ Strathbogie Shire Council, *Submission*, p. 1.

⁸⁰ JEC, *Submission*, p. 9.

Principle 3: Prudency 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, DNSPs 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 the draft guidelines at section 3.1.1 and in section 3.1.2 for community resilience proposals. The draft guidelines also provide examples of resilience expenditure, which are based on the AER's experience in recent years.

We came to these principles having regard to the following:

- We have taken a balanced approach in developing these principles. Applying high-level, broad principles provides flexibility and allows for differences in DNSPs' resilience needs. Conversely, applying more prescription and details regarding the evidentiary requirements for resilience expenditure proposals will provide certainty and clarity to stakeholders around the AER's assessment approach. Consistent with NER clause 6.4.6, we have also included examples of resilience expenditure in the guidelines based on our experience in previous determinations.
- While the same overarching prudency and efficiency principles apply to network and community resilience proposals, we have developed slightly different evidentiary requirements for each. This is because the solutions to address the needs of network resilience and community resilience are different. We have had regard to feedback that a balance of qualitative factors as well as quantitative analysis should be considered in reviewing community resilience proposals. We have also had regard to feedback that supporting evidence should be proportionate to the size and type of investment.
- We recognise the concerns raised by some DNSPs about the duplication of existing data collection and seeking to minimise regulatory burden. After the release of the final guidelines, we will engage with affected DNSPs as part of our usual Annual Information Order review process where we periodically consult and amend our data requirements holistically (which include, but is not limited to, our resilience data requirements). The guidelines note that we will have regard to this data when assessing resilience proposals.
- Our draft principles recognise that there is uncertainty as to the future resilience needs of DNSPs and that probability modelling is useful in predicting these needs. We have provided a boxed example in the guidelines where a DNSP has addressed uncertainty in forecasting its resilience needs. However, predictive modelling should be sense tested against other information, such as historical outcomes. A DNSP should share these

comparisons, including the performance of existing resilience measures, with its consumers in discussions on proposed resilience initiatives to address the needs of affected consumers and communities.

- We agree that established and recent climate risk models are useful in forecasting the frequency and severity of climate events to better understand the increasing risk networks and communities are facing. However, we do not consider that these models to be a necessary requirement in a resilience proposal as that depends on the DNSP's resilience needs and whether they view investment in a climate risk model as worthwhile from a cost benefit perspective.
- We appreciate that stakeholders have sought further guidance on how we assess operating expenditure related resilience proposals. We have therefore included high level principles on how we will have regard to operating expenditure proposals for resilience initiatives.
- We consider that the VCR and VNR can be useful indicators of consumer preferences. As set out in section 4.4, the reviews and subsequent updates to the values of VCR and VNR is expected to occur in late 2029. We have reflected this in our guideline principles, noting that where VNR is applied we expect DNSPs to have regard to the latest guidance on the VCR and VNR. An update on the review of the VNR methodology is set out below.
- We acknowledge views expressed by regional communities about placing weight on equity considerations in our assessment of resilience expenditure. We appreciate that local communities are significantly impacted by extreme weather events. But the AER's roles and functions are determined by the National Electricity Rules which require the AER to assess the prudence and efficiency of proposed expenditure. Our consideration of consumer engagement is through one of the factors that we must have regard to when assessing prudence and efficiency; that is, the extent to which the forecast expenditure addresses the concerns of consumers as identified by the DNSP in the course of its engagement with its customers or groups representing them. We are also acutely aware of our responsibility to support the National Electricity Objectives which includes promotion of the long-term interests of consumers of electricity.⁸¹ This applies to all consumers, regardless of their location (urban, regional or rural).

4.3.1 Consumer engagement

Our draft principles acknowledge that customer preferences should play an integrated part in developing resilience proposals. It should form part of a DNSP's identification of the need for resilience expenditure, rather than a process that does not sit within the decision-making process. In this regard, the draft principles set out the expectation that DNSPs share aspects of its analysis with consumers, including the current performance of existing resilience initiatives, to support its proposed resilience investments.

Consumer engagement and support is valuable both to DNSPs in the development of their proposals, and to us in assessing them and making decisions that are in consumers' long-term interests. The extent to which a proposed total expenditure forecast 'includes expenditure to address the concerns of consumers as identified by the DNSP in the course

⁸¹ National Electricity Law, section 7.

of its engagement with distribution service end users or groups representing them' is one of 12 non-exhaustive factors to which the AER must have regard in making the required assessment against the operating expenditure and capital expenditure criteria (collectively, the expenditure criteria).²³

Requirements for prudence and efficiency are not at odds with the intention that proposals include expenditure to address consumers' concerns. However, consumer support alone does not guarantee any one or more of the assessment criteria have been met in respect of a DNSP's total capital or operating expenditure forecast, or of any individual projects or programs that have informed those forecasts.

When considering the outcomes of a DNSP's consumer engagement, and consumers' responses to our decisions, we have regard to the consumer concerns the DNSP seeks to address. In developing proposals to address those concerns, and achieve those outcomes, we expect a DNSP to identify, test (including through engagement), and choose from credible options and solutions it considers will achieve the operating and capital expenditure objectives, and that it can satisfy us will reasonably reflect the expenditure criteria.

Where we are satisfied that a DNSP has achieved this, its proposed options and solutions will form part of the total expenditure we approve. Where we are not satisfied, we must look to alternative forecasts of capital or operating expenditure in order to approve total expenditure forecasts that will address consumers' concerns and deliver their preferred outcomes in a way that does achieve the operating and capital expenditure objectives and satisfy the expenditure criteria.

That may mean our total expenditure forecasts assume the same (or similar) options or solutions that a DNSP has engaged on and subsequently proposed but at a more efficient cost, or at a volume that better reflects a realistic expectation of demand forecasts. It may mean that our total forecast defers, or does not include for the period under assessment, expenditure on an option or solution we are not satisfied is needed at the time the DNSP has proposed, and which could instead occur later so that it is not necessary or appropriate to recover the costs from consumers yet. It may mean that we do not include the option or solution the DNSP has proposed, in which case our total expenditure forecasts will be informed by alternative options we consider would address consumer concerns, and ultimately support the same outcomes in way that we are satisfied is prudent, and reflects a realistic expectation of demand forecasts and cost and other inputs.

This is how we ensure that consumers are paying no more than necessary for safe, secure and reliable energy supply and a resilient network that meets their needs and delivers their preferred outcomes.

4.4 Update on the review of VNR methodology

Separate to our work on the network resilience guidelines, the AER was tasked in 2024 by the Energy and Climate Change Ministerial Council with developing a value of network resilience to sit alongside the VCR. The VNR was intended to be a tool that could be used in network planning and investment decisions to reflect the values that customers placed on a resilient network.

The AER released an initial VNR in September 2024 that is derived from the VCR and constrained by an upper bound. It sought to adapt the VCR to better reflect the impacts on consumers of long duration power outages. At the time, the AER noted its approach to develop an initial value was pragmatic and that further work was required to identify a more enduring VNR methodology. Some submissions to our consultation paper have indicated that, with a changing energy system and the emergence of consumer energy resources among other things, it is important to update the VNR sooner rather than later.

The AER will undertake a review of the VNR methodology as part of the next review of the VCR methodology, with new values published by the end of 2029. We recognise that this can impact the DNSPs that will submit their regulatory proposals in January 2028, however there is insufficient time to identify a more robust, thoroughly considered approach to the VNR as part of the network resilience guidelines process. Additionally, we consider that many of the issues identified with the interim VNR will be best addressed holistically through the methodology review of both the VCR and VNR.

5 Resilience expenditure in incentive schemes

Incentive schemes form an important part of our approach to regulating electricity networks in Australia. We seek to incentivise NSPs to run an efficient business so that customers pay no more than necessary for services that they value the most.

5.1 Issues

Clause 6.4.6(a)(4) of the NER requires the network resilience guidelines to explain how resilience expenditure will be addressed in incentive schemes provided for in Chapter 6.

Of relevance to resilience expenditure is the capital expenditure sharing scheme (CESS), the efficiency benefit sharing scheme (EBSS), and the service target performance incentive scheme (STPIS):

- The CESS incentivises businesses to undertake efficient capital expenditure throughout the period by rewarding efficiency gains and penalising efficiency losses, each measured by reference to the difference between forecast and actual capital expenditure.
- The EBSS incentivises businesses to incur efficient operating expenditure. In general, it works by allowing the 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 STPIS incentivises improved reliability of supply. STPIS targets are based on historical performance, with any reliability improvements accounted for in the target-setting process for subsequent periods. The STPIS applies a reward or penalty to NSPs' 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 average performance over the past 5 years).

The STPIS permits certain events to be excluded from the calculation of the incentive rewards or penalties. These exclusions are intended to reflect circumstances where a DNSP is unable to control an interruption, or where an event occurs on a 'major event day'. In this regard, the STPIS is not designed to incentivise improvements in managing the impact of major exogenous events which include severe weather events. It is designed to incentivise reliability improvements under standard operating conditions where NSPs have sufficient influence and control over its service level. Since its introduction in 2008, most DNSPs have been outperforming their reliability benchmark targets demonstrating improved power supply reliability over time.

In previous determinations, the AER has stated that in support of its proposed resilience expenditure, a business should explain why a STPIS adjustment through a higher reliability target should not apply, where its resilience proposal results in reliability improvements. To date, only a small number of DNSPs have voluntarily applied a STPIS adjustment to reflect the likely reliability improvements from their proposed resilience investments.

5.2 Stakeholder views

Our consultation paper requested stakeholder views on the following:

- What are your views on how resilience expenditure should be addressed in the incentive schemes?

AusNet, ENA, and Sandy Point Community Power considered that a separate resilience incentive scheme was not appropriate.⁸² CPU further supported this by noting, ‘The frequency and severity of extreme weather events is outside the control of DNSPs, therefore the introduction of any incentive scheme linked to prolonged outages related to these extreme weather events would largely be a function of weather and not the actions of DNSPs. This is acknowledged under the current STPIS scheme, where largescale outages are excluded from the scheme.’⁸³

Endeavour Energy was not supportive of including resilience expenditure in the incentive schemes because ‘Considering the complex relationship between resilience investment and reliability improvement it is arguably impossible to account for the contribution from resilience.’⁸⁴

While there was support for the application of the CESS, EBSS and STPIS to resilience expenditure, CSPER and Ausgrid submitted that there was a need to guard against double counting when resilience expenditure also improved reliability.⁸⁵ Similarly, Bartley and Grenning noted that it is important that consumers do not pay twice, once for the resilience expenditure and once for the STPIS benefits from increased reliability, and that STPIS adjustments should be made where resilience expenditure improves reliability.⁸⁶ Erne Energy was also supportive of making adjustments to the STPIS to take account of reliability improvements from resilience investment;⁸⁷ PAG supported a continuation of STPIS adjustments where reliability improvements are already funded through resilience expenditure;⁸⁸ and CPU supported adjustments on a case-by-case basis.⁸⁹

TasNetworks expressed concerns 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.’⁹⁰ It considered that the existing CESS and EBSS provide sufficient incentives to return efficient savings through to customers.

⁸² AusNet, *Submission*, p. 7; ENA, *Submission*, p. 5; Sandy Point Community Power Inc., *Submission*, p. 2.

⁸³ CPU, *Submission*, p. 7.

⁸⁴ Endeavour Energy, *Submission*, p. 12.

⁸⁵ CSPER, *Submission*, pp. 2, 8; Ausgrid, *Submission*, p. 10.

⁸⁶ Bartley and Grenning, *Submission*, p. 26.

⁸⁷ Erne Energy, *Submission*, p. 10.

⁸⁸ PAG, *Submission*, p. 5.

⁸⁹ CPU, *Submission*, p. 7.

⁹⁰ TasNetworks, *Submission*, p. 3.

5.3 AER draft position

Principle 5 in the AER's draft guidelines states that:

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.

We arrived at this position having regard to the following:

- We agree with most stakeholder views that existing incentive schemes should apply to resilience investments. We also agree that a separate resilience incentive scheme is not appropriate at this point in time, given that resilience is still an evolving issue and the application of a new scheme may have unintended consequences, especially as the consistency and severity of weather events is outside the control of DNSPs.
- Our principle provides that DNSPs need to proactively consider and apply (where appropriate) the applicable STPIS adjustments to their proposed resilience investments, with the onus on the business to demonstrate otherwise. This is because we consider that, in many cases, resilience investments may lead to reliability improvements.
- While we acknowledge TasNetworks' concern that a higher STPIS target flowing from resilience investments may unfairly penalise DNSPs, given that the STPIS targets exclude major event days, we are not seeking a STPIS adjustment where the solution only results in mitigating the impacts of prolonged outages. However, where proposed resilience expenditure is likely to result in a combination of resilience and reliability benefits, the STPIS will apply only to the reliability portion. Thus, we would expect a business to adjust the STPIS target to the reliability portion of the improvement and demonstrate the magnitude of this improvement as part of its quantitative analysis.
- In response to Endeavour Energy's suggestion that the incentive schemes should not apply to resilience expenditure, we note that, consistent with our 2025 CESS guideline, the AER does not apply category specific CESS exclusions. We will consider changes in the application of the CESS only in relation to volumetric adjustments for business-as-usual connections capital expenditure, for transmission contingent projects, NSPs with a single asset regulatory asset base, and Renewable Energy Zones projects.⁹¹

⁹¹ AER, *Capital Expenditure Incentive Guidelines for Electricity Network Service Providers*, August 2025, pp. 7–9.

6 New annual planning and reporting requirements for resilience

The AEMC's rule change includes new annual planning and reporting requirements for DNSPs in relation to resilience as part of their existing requirements to conduct distribution annual planning reviews and prepare distribution annual planning reports (DAPRs). Additionally, clause 6.4.6(a)(3) of the NER requires the network resilience guidelines to specify the information DNSPs must include in their DAPRs under clause S5.8(j1).⁹²

The AER also collects information through annual information orders when assessing forecast capital and operating expenditure proposed by DNSPs.

6.1 Issues

6.1.1 Distribution annual planning review

As part of the distribution annual planning review process set out in clause 5.13.1 of the NER, DNSPs must determine an appropriate forward planning period for its distribution assets and analyse the expected future operation of its network over that forward planning period. The minimum forward planning period is 5 years, and the distribution annual planning review must include all assets that would be expected to have a material impact on the DNSP's network over the forward planning period.⁹³

In addition to existing requirements that DNSPs have as part of the distribution annual planning review, the AEMC's rule change requires DNSPs to identify risks of power outages caused by severe weather events, taking into account the impacts of climate change.⁹⁴

6.1.2 Distribution annual planning reports

Under clause 5.13.2 of the NER, DNSPs are currently required to publish their distribution annual planning reports (DAPRs) each year, setting out the results of the distribution annual planning review for the forward planning period. As part of this, a DNSP must include the information specified in schedule 5.8 of the NER in its DAPR.⁹⁵

From 1 July 2027, DNSPs will also be required to include the following 4 categories of information in their DAPRs for the purposes of clause 5.13.2(c). The AEMC noted that, given DNSPs already need to report annually on similar matters in the DAPR, it considers this the appropriate place for annual resilience reporting.⁹⁶

⁹² NER clause S5.8(j1) will commence operation on 1 July 2027.

⁹³ NER, clauses 5.13.1(b) and (c).

⁹⁴ As per clause 5.13.1(d)(7) of the NER which will commence operation on 1 July 2027.

⁹⁵ NER, clause 5.13.2(c).

⁹⁶ AEMC, *Rule determination*, p. 36.

1. If any severe weather event occurred in the preceding year, information on the performance of the DNSP and outcomes for consumers as specified by the AER in the network resilience guidelines.⁹⁷
2. 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.⁹⁸
3. 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.⁹⁹
4. 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.¹⁰⁰

6.1.3 Replacing DAPRs with new reporting framework

Relatedly, the AEMC made a rule on 16 July 2026 to enhance distribution network planning and reporting. This rule change will replace the existing annual planning process with a new distribution network development plan (DNDP) framework, which includes the following changes.¹⁰¹

- DNSPs are required to prepare a DNDP every 5 years, with a greater focus on longer term planning requirements and scenario analysis, and improved alignment with the Integrated System Plan. The DNSP must publish the DNDP on its website.
- Each year, a DNSP must publish on its website a report with an overview of the information set out in new clause 5.13.2(a)(1)(i) to (xii) since the previous year and compared to the DNDP when it was published.
- A DNSP's regulatory proposal must be accompanied by a DNDP.¹⁰² While the AER must have regard to the DNDP in assessing the regulatory proposal, it is not required to approve the DNDP.

This new planning framework will be implemented by January 2030, within 4 years after the rule change was made. The AEMC acknowledges that the process cannot be implemented in full by DNSPs with regulatory proposals due before 2030, so these DNSPs are not required to meet all the proposed obligations for their first DNDP.¹⁰³

The rule change also requires the AER, by no later than 1 March 2028, to publish guidelines in accordance with new clause 5.13.3 and new clause 5.13A.2.¹⁰⁴ DNSPs must then prepare their DNDPs in accordance with the AER's guidelines published under clause 5.13.3.¹⁰⁵ The

⁹⁷ As per clause S5.8(j1) of the NER which will commence operation on 1 July 2027.

⁹⁸ As per clause S5.8(d2)(1) of the NER which will commence operation on 1 July 2027.

⁹⁹ As per clause S5.8(k)(1B) of the NER which will commence operation on 1 July 2027.

¹⁰⁰ As per clause S5.8(m1) of the NER which will commence operation on 1 July 2027.

¹⁰¹ AEMC, *Rule determination: National Electricity Amendment (Enhancing Distribution Network Planning and Reporting) Rule 2026* (EDNPR), 16 July 2026, p. 7.

¹⁰² As per new clause 6.8.2(c4) of the NER which will commence operation on 1 December 2027.

¹⁰³ AEMC, *Rule determination: EDNPR*, p. 33.

¹⁰⁴ NER, clause 11.194.2.

¹⁰⁵ As per new clause 5.13.1(c) of the NER which will commence operation on 1 December 2027.

AEMC notes that the implementation of the DNDP complements the 8 May 2025 rule to include distribution network resilience in the NER.¹⁰⁶

6.2 Stakeholder views

Our consultation paper requested stakeholder views on the following:

- 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?

Our consultation paper was released in June 2026, prior to the AEMC's finalisation of its rule change to replace the existing annual planning process with the new DNDP. Some submissions provided views on the DNDP framework:

- Ausgrid and Energy Queensland noted that there was an ongoing AEMC process to replace the existing DAPR with the DNDP.¹⁰⁷ Endeavour Energy expressed concern with the regulatory burden and uncertainty this process may generate around reporting.¹⁰⁸
- Endeavour Energy and Ausgrid proposed that the network resilience guidelines include transitional arrangements for DNSPs as implementation of the DNDP framework will be staggered.¹⁰⁹ Essential Energy also supported this in its submission, noting, '...the AER should consider providing interim advice – ahead of any Draft Guidelines – about how it anticipates the Network Resilience Guidelines will be integrated with the new DNDP once the detail of this rule change is confirmed.'¹¹⁰

Other stakeholders made specific proposals for elements to include in the DAPR reports, such as performance,¹¹¹ risk,¹¹² and interdependency.¹¹³

6.3 AER draft position

Principle 6 in the draft guidelines relates to reporting on planned resilience investment, noting the move to a DNDP reporting regime:

¹⁰⁶ AEMC, *Rule determination: EDNPR*, p. 6.

¹⁰⁷ Ausgrid, *Submission*, p. 2; Energy Queensland, *Submission*, pp. 7–8.

¹⁰⁸ Endeavour Energy, *Submission*, p. 7.

¹⁰⁹ Ausgrid, *Submission*, p. 3.

¹¹⁰ Essential Energy, *Submission*, p. 6.

¹¹¹ CSPER, *Submission*, p. 6; Erne Energy, *Submission*, p. 8; PAG, *Submission*, p. 12; Yifan Zhong, *Submission*, p. 2.

¹¹² Bartley and Grenning, *Submission*, p. 26; AusNet, *Submission*, pp. 6–7; CSPER, *Submission*, pp. 5–6; Erne Energy, *Submission*, p. 8; New South Wales Reconstruction Authority, *Submission – AER Network resilience guidelines consultation paper*, July 2026, p. 8; IGCC, *Submission*, p. 7.

¹¹³ ATA, *Submission*, p. 8; Telstra, *Submission*, pp. 5–6.

Principle 6: Resilience reporting

DNSPs are to report on planned resilience investment, 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 as specified by the AER in the network resilience guidelines.
- 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.¹¹⁴
- 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.¹¹⁵
- 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 need to be reported in the DNDP.

We arrived at this position, noting the following:

- We 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.
- Given the DAPR will be replaced by the DNDP and the AER is required to develop a guideline on the DNDP by 1 March 2028, our broad principles in the network resilience guideline are based on the AEMC's resilience reporting requirements. We consider that the resilience information the AEMC has identified to be reported on will be useful in understanding how a business makes resilience investment decisions based on the risks it faces. We therefore support that these broad principles in the DAPR are continued into the DNDP.
- Several submissions suggested additional useful information and indicators for inclusion in the DNDP. Given the time constraints associated with these guidelines, we consider that the later DNDP guideline process will offer stakeholders the opportunity for a more in-depth discussion and testing of these suggestions. We also consider that the broad principles for DNDP reporting in these guidelines mean that stakeholders are not restricted in considering the scope and type of information for DNDP reporting.
- Information from the DAPR/DNDP will also inform the AER as to the degree that a business has integrated resilience needs of the business in its planned investments. We expect a business operating prudently and efficiently to collect the information/data

¹¹⁴ As per clause S5.8(d2)(1) of the NER which will commence operation on 1 July 2027.

¹¹⁵ As per clause S5.8(k)(1B) of the NER which will commence operation on 1 July 2027.

required in the DNDP to understand the risks on its network from severe weather events, whether its existing resilience initiatives are effective, and how it has incorporated learnings and developments in planned resilience investments.

A Summary of stakeholder feedback to consultation paper

Key topics	Stakeholder comments
Definition of network resilience	Proposed definition of network resilience Submissions were overall supportive of the AER’s definition but sought further clarification around key terms: - Stakeholders stated that clarity was needed on the scope of the phrase ‘disruptive event’ in the definition. - Erne Energy, AusNet, CitiPower, CPU, Energy Queensland, and JEC submitted their preference for specific reference to severe weather events. - NSW Reconstruction Authority (NSWRA), TasNetworks and the IGCC suggested the AER broaden the scope of the term ‘disruptive events’. E.g., TasNetworks recommended the scope of the definition should address risks posed by high impact, low-probability events, and not be limited to climate-related risks. Additions to the definition - Bartley and Grenning, IGCC, JEC, and Strathbogie Shire Council submitted a preference for a more community and consumer focus in the definition. - Endeavour Energy and Ausgrid raised the inclusion of short and long duration events. - ATA, BYDA, and Mantua suggested the definition should note critical infrastructure interdependencies. - Erne Energy sought clarity on the term ‘adequately’ in the definition. - Ausgrid and CSPER suggested the definition include the concept of anticipation in resilience management. - PAG suggested the inclusion of ‘necessary and efficient expenditure’ in the definition. Distinction between reliability and resilience - Bartley and Grenning, Energy Queensland, ParamCo, TasNetworks and SAPN sought greater clarity on distinguishing reliability from resilience, as well as the concept of ‘primary driver’. - Bartley and Grenning noted the point of distinction for resilience should be low probability, high impact events.

Application of guidelines to TNSPs	• TasNetworks stated further consultation is necessary before applying the guideline to TNSPs. • AusNet and Transgrid supported the guidelines applying to TNSPs if guidance is tailored to the transmission context. • JEC supported the guidelines applying to both DNSPs and TNSPs. Similarly, CSPER and ParamCo recommended the guidelines' principles be applicable to the whole supply chain. • Energy Queensland preferred separate guidelines for TNSPs, while Erne Energy and Bartley and Grenning noted that resilience-related guidance for TNSPs already exists.
Data collection	Views on data collection • AusNet expressed concern with collecting granular and postcode-level data. • Endeavour Energy stated that data should be provided at the discretion of DNSPs. • Rhizome Data noted the importance of collecting a proportionate amount of data to reduce regulatory burden. Similarly, ParamCo noted the importance of proportionality when collecting evidence. • Erne Energy highlighted the importance of the AER having sufficient power to collect data as needed. • CSPER and Yifan Zhong stated that Annual Information Orders should provide detailed regulatory evidence and DAPRs provide public-facing data. • PAG noted the importance of ensuring the public can perform their own prudence/efficiency test using the information in stakeholder-facing reports. • Ausgrid, AusNet, CSPER, CPU, Endeavour Energy, and JEC outlined the importance of harmonising new information requirements with other existing reporting obligations. • Energy Queensland and Bartley and Grenning noted that resilience information requires qualitative data, using Annual Information Orders (which captures quantitative data) is less suitable. Collecting resilience data using a standard template • Erne Energy, Bartley and Grenning and IGCC were supportive of a standard template, noting there is improvement in benchmarking, consistent methodology and transparency from using a standard template.

- CSPER noted the use of a standard template is consistent with other resilience-assessment literature, and Rhizome Data commented that this approach is common in other countries.
- Bartley and Grenning, IGCC and SAPN noted the standard template should be flexible, adaptable to different contexts, and be simple. However, Endeavour Energy and ENA shared concerns that the template would lack the variability needed to reflect the individuality of each network, leading to a decrease in quality of the data.
- ATA, AusNet and SAPN would be supportive of the use of a standard template if it was integrated into existing reporting obligations.
- CPU, Ausgrid and NSWRA did not support the use of a standard template on the grounds that historical information as a form of comparison will not be useful.
- NSWRA noted its support for good practice business case processes.
- JEC posited that the template should be limited only for regulatory assessment.
- ATA suggested the template include interdependency mapping.

Reporting on actual resilience spend

- PAG, Rhizome Data, Erne Energy, Bartley and Grenning, Sandy Point Community Power, BYDA and JEC expressed strong support for actual resilience spend reporting.
- Ausgrid and Energy Queensland noted their support yet see it only as a starting point for evaluating resilience expenditure.
- AusNet, IGCC and Yifan Zhong supported reporting of actual resilience spend but expressed concerns that this would duplicate existing reporting obligations.
- Endeavour Energy, ParamCo and TasNetworks did not support actual resilience spend reporting as this type of data would not provide meaningful insights.
- ENA submitted it is not supportive of KPIs for resilience and highlighted that it does not fit easily in Annual Information Orders.
- ParamCo and NSWRA noted their concerns that this reporting process could add regulatory burden to NSPs.

Other data issues

	• JEC and Energy Queensland supported collecting data regarding restoration times and reporting on the number of customers impacted in a severe event. • JEC and Sandy Point Community Power stated their support for consumer consultation data. • BYDA suggested ground disturbance activity and damage risk should be considered as a priority issue.
4. Evidence in support of resilience proposals	Data in support of resilience proposals • CPU, Bartley and Grenning, and IGCC supported the use of forward-looking climate modelling. • Erne Energy noted DNSPs incur significant costs to engage consultants to undertake climate modelling, and that it is unclear whether DNSPs have a sufficient understanding of climate science and modelling limitations in the advice offered by consultants. • NSWRA suggested the following could be useful for DNSPs and the AER to consider: NSW government's climate scenarios data; participation in the NSW Joint Telco & Power Resilience Forum; and information in the NSWRA's Infrastructure Resilience and Community Impact Assessment and Economic Disaster Resilience Assessment. Developing the preferred option in a resilience proposal • Essential Energy, Ausgrid, Bartley and Grenning, Rhizome Data, and Strathbogie Shire Council noted the importance of tailoring evidence and assessment approaches to address local community needs. • ATA, BYDA, Strathbogie Shire Council, Telstra, Dr Helen Haines MP, and Mantua suggested the preferred option include the consideration of cascading effects on essential infrastructure. • Ausgrid, PAG, and TasNetworks underscored the importance of having transparent, evidence-supported and integrity-driven assumptions. • Bartley and Grenning, JEC, ParamCo, PAG, and Yifan Zhong highlighted the importance of genuine consumer engagement. • AusNet, CPU, ENA and Transgrid submitted the use of operating expenditure solutions as a viable method to treat resilience.

	AER assessment process for resilience expenditure • ENA, Energy Queensland, and TasNetworks sought general clarity on the AER’s assessment process; TasNetworks also requested the guidelines include case studies. • AusNet, CPU, Essential Energy, SAPN, and Mantua suggested the AER should rethink VNR. Similarly, Erne Energy and Bartley and Grenning urged the AER to undertake its VNR review as the interim value needs updating. • Ausgrid, ParamCo and SAPN highlighted the importance of practical, reasonable and proportional evidentiary requirements based on the amount of expenditure proposed. • CSPER approved the need to demonstrate a causal link between spend and outcome; CPU and AusNet noted concerns with establishing this causal relationship.
Genuine consumer engagement	Suggestions for best-practice consumer communication • The Department of Infrastructure, Endeavour Energy, Energy Queensland, Bartley and Grenning, and PAG highlighted the importance of clear communication with consumers. This also includes communicating the trade-offs with different options presented. • Strathbogie Shire Council, Department of Infrastructure, Endeavour Energy, Energy Queensland and ParamCo underscored the importance of tailoring engagement for different knowledge bases, communities and needs. • More broadly, Ausgrid, Energy Queensland, IGCC and JEC stated the importance of meaningful outcomes for consumers and using that as focus for engagement. • AusNet, CPU, Endeavour Energy, ENA and SAPN suggested the AER provide sufficient weight to the outcomes of consumer engagement when making decisions on the resilience expenditure proposal. • Ausgrid and NSWRA did not support mandating consumer engagement noting the toll and fatigue it places on consumers. Alternatively, Essential Energy stated that engagement should be done throughout the development of a regulatory proposal.
Definition of community resilience	Proposed definition of community resilience • Bartley and Grenning, CPU, and PAG stated that community resilience should recognise preparedness. • IGCC and SAPN noted the definition should increase the focus on climate hazards.

- Ausgrid and Energy Queensland suggested expanding the scope of the definition to include non-climate related hazards.
- ATA, Strathbogie Shire Council and Telstra recommended the definition recognise other dependent infrastructure.
- IGCC and the Department of Infrastructure also noted that outages impact communities unevenly.

Resilience actors in supporting community resilience

- CSPER, Erne Energy, Strathbogie Shire Council, and TasNetworks sought clarity on the role that DNSPs play in resilience more generally.
- Endeavour Energy and Essential Energy noted DNSPs have more of a role to play in supporting communities.
- AusNet, CSPER, Sandy Point Community Centre and TasNetworks noted that there are many actors aside from DNSPs responsible for community resilience. Similarly, AusNet, BYDA and CSPER highlighted the importance of coordination with other resilience actors.
- PAG, Bartley and Grenning and CSPER submitted that the AER should consider if other actors are better placed to deliver the support.
- JEC outlined the role of existing initiatives, and how proposals complement such programs.
- TasNetworks stated that shifting responsibility to other actors can lead to adverse outcomes and the LGAQ specifically warned against unintended cost shifting to local governments.

Options to address community resilience needs

- Endeavour Energy, Essential Energy and Strathbogie Shire Council sought clarification generally around the scope of solutions that can be proposed.
- CSPER and PAG stated their preference for solutions that are strictly linked to the provision of a network service.
- Energy Queensland suggested that complementary measures should be approved if they have clear public benefits.
- The Department of Infrastructure noted self-insuring is not always an option, particularly for remote communities.
- AusNet, ParamCo and TasNetworks highlighted the importance of focusing on outcomes for consumers in the AER's assessment approach.

	• The Department of Infrastructure and Strathbogie Shire Council underscored the importance of considering the specific needs of each community. • Dr Helen Haines MP, JEC and CSPER submitted their preference to see consideration for the needs of vulnerable customers. Assessing community resilience proposals • CPU sought clarity on how the AER will give weight to customer engagement outcomes. • Dr Helen Haines MP and Strathbogie Shire Council stated that the AER should not overlook required upgrades in favour of narrow assessments of economic efficiency. • ATA, the Department of Infrastructure, and Telstra suggested more weight should be given to expenditure that protects dependent critical infrastructure such as telecommunications. • CSPER suggested DNSPs should undertake post event reviews on community resilience and the methods deployed. • Ausgrid requested the guidelines include practical examples and noted early engagement can reduce regulatory burden.
What to include in the DAPR	• BYDA, Rhizome Data noted their general support of the AER's process. • CSPER, Erne Energy, NSWRA, PAG and Yifan Zhong preferred including performance reporting in the DAPR. • NSWRA suggested the reporting requirements include outlining how the investment portfolio is improving network resilience and thus community resilience. • Bartley and Grenning, AusNet, CSPER, Endeavour Energy, and Energy Queensland recommended that reporting should be simple, high-level information that can be understood by all stakeholders. • Bartley and Grenning, AusNet, CSPER, Erne Energy, and NSWRA suggested the inclusion of risk reporting. • IGCC stated their preference for an articulation of risk appetite. • ATA, BYDA, Telstra and Mantua outlined that reporting should include risks and impacts of cascading power failures on dependent critical infrastructure. • JEC suggested reporting on how the AER manages both resilience and reliability expenditure.

	• Ausgrid, Energy Queensland, and Essential Energy noted that the DAPR is being phased out and will be replaced by a new framework. • Endeavour Energy cautioned against adding unnecessary regulatory burden.
Addressing resilience in incentive schemes	• AusNet, ENA, IGCC, Sandy Point Community Power, and TasNetworks stated that the existing approach is sufficient, and as such supported not applying a resilience-specific incentive scheme. • Endeavour Energy were not supportive of including resilience expenditure in the existing incentive schemes, given the complex relationship between resilience investment and reliability improvement. • Energy Queensland, CSPER, NSWRA, and Mantua noted their preference for an alternative mechanism that incentivises resilience performance. • JEC submitted that treatment of resilience expenditure within incentive schemes should avoid double-counting benefits and that incentive arrangements should support efficient investment that reflects consumer preferences. • IGCC suggested that the AER review existing settings to ensure proactive and beneficial resilience investment. • Ausgrid, Erne Energy, and Bartley and Grenning suggested the inclusion of resilience spend in STPIS. • CPU and PAG highlighted their preference for a more case-by-case adjustment to STPIS. • CSPER, JEC, and Bartley and Grenning sought clarity around the distinction between resilience and reliability in incentive schemes.

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
NER	National Electricity Rules
NSP	network service provider
SoCI Act	Security of Critical Infrastructure Act
STPIS	service target performance incentive scheme
TNSP	transmission network service provider
VCR	value of customer reliability
VNR	value of network resilience