Australian Energy Regulator's draft Network Resilience Guidelines

Submission of nbn co

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Introduction

nbn welcomes the opportunity to comment on the Australian Energy Regulator's draft Network Resilience Guidelines and supports the overall direction of the framework. nbn has also contributed to a submission that has been provided by the Australian Telecommunications Alliance, which presents an industry wide response.

The principal responsibility of nbn is to operate and continue to expand and upgrade the nbn® network in accordance with the expectations of the Commonwealth Government. nbn aims to deliver on its purpose by providing fast, reliable and affordable connectivity via wholesale broadband services which meet the current and future needs of Australian households, communities and businesses.

Reliable electricity supply is essential to the continuity of telecommunications services. Telecommunications networks, in turn, support households, businesses, emergency services and other critical infrastructure. A telecommunications facility may support communications services used by many thousands of households and businesses across a broad geographic area. It may also support emergency communications (communications between Emergency Service Organisations or consumer triple zero services), digital access to government and health services, electronic payments and the operation of other infrastructure sectors. Loss of electricity supply at a single site can therefore have significant financial and safety consequences for communities, consumers and businesses.

These dependencies mean that the consequences of an electricity outage may extend beyond the electricity customers directly affected. This interconnectedness and interdependency is acknowledged widely – for example, in its Regional Mobile Infrastructure Inquiry, the ACCC summarised evidence of widespread telecommunications outages (including mobile and fixed line networks) during the 2022 NSW floods:[1]

> *The 2022 NSW Flood Inquiry heard that flood damage caused widespread telecommunications outages including mobile and fixed line networks. Mobile network operators advised this was 'largely due to loss of mains power, coupled with inability to access sites (due to flooding) to deploy backup power generators and keep them refuelled.'*
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> *The Inquiry also heard that 'similar to the 2019–20 bushfires, the loss of telecommunications services caused the most distress to communities because it affected their ability to request flood rescues, communicate with family and friends, provide warnings and access post-emergency information.'*

As a further example page 2 of the *Security Legislation Amendment (Critical Infrastructure) Bill 2020 Explanatory Memorandum* states:

[1] ACCC, Regional mobile infrastructure inquiry Final report July 2023, p. 88

> "*Critical infrastructure is increasingly interconnected and interdependent, delivering efficiencies and economic benefits to operations. However, connectivity without proper safeguards creates vulnerabilities that can deliberately or inadvertently cause disruption and result in cascading consequences across our economy, security and sovereignty*."

Specifically, in relation to electricity it notes that:

> "*The consequences of a prolonged and widespread failure in the energy sector, for example, could be catastrophic to our economy, security and sovereignty..." including impacts to telecommunications, water supply, transport, banking, food supplies and government services*.

Finally, these types of interactions have also been noted by the AER, where in its explanatory statement, the AER:[2]

> *Acknowledged 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. 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*.

nbn recognises that the AER must formulate the Network Resilience Guidelines consistently with the National Electricity Rules (NER), and that the NER does not impose a general responsibility on DNSPs for the resilience of telecommunications or other essential services. However, where the loss or restoration of electricity network services has material and evidenced consequences for telecommunications users and the wider community, those consequences may be relevant to assessing the benefits of a proposed electricity resilience measure. nbn considers that telecommunications can be appropriately considered both in the AER's expenditure assessment and as an element of community resilience without expanding the role of DNSPs beyond the NER.

Telecommunications impacts in expenditure assessment

nbn supports the use of cost-benefit analysis and robust supporting evidence to assess resilience expenditure, as this is necessary to protect consumers and promote efficient

[2] AER, Network resilience guidelines, Explanatory statement to the draft guidelines, p.10



investment. Where an electricity network measure maintains or restores supply to telecommunications infrastructure, the relevant benefits are the resulting outcomes for electricity consumers, telecommunications users and communities, rather than improved telecommunications resilience as an end in itself. Including these benefits would improve, rather than weaken, the rigour of expenditure assessment by allowing decision-makers to compare options using a more complete account of the outcomes experienced by consumers and communities.

The value of customer reliability (VCR) and interim value of network resilience (VNR) are important inputs to the Cost Benefit Analysis. nbn considers that future review and refinement of VCR and VNR should test whether they adequately capture the impacts of an electricity outage on telecommunications networks. Properly reflecting those consequences would support a more complete and accurate assessment of the benefits of electricity network resilience measures. nbn notes that the VCR or VNR may not always be the appropriate mechanism for assessing telecommunications-related impact. Where an impact is highly site-specific, dependent on local network configuration or not reliably generalisable, it may be more appropriately assessed through project-specific cost-benefit analysis.

Community resilience and engagement

nbn supports the development of a dedicated community resilience framework. The draft Network Resilience Guidelines appropriately recognise telecommunications as a key enabler of community preparedness, emergency response and recovery. The AER stated that, as part of assessing the prudency of community resilience expenditure:[3]

> *Where there are interlinkages with other essential service providers (such as utilities, telecommunications, transport), documentation to demonstrate that the existing interplay between these providers is not providing sufficient assistance to the community, and reasons that the DNSP should be accountable for providing community assistance.*

nbn considers there may be circumstances in which a Distribution Network Service Provider (DNSP) is best placed to implement an electricity network measure that reduces material telecommunications-related consequences for electricity consumers, telecommunications users and the wider community. nbn notes that the draft Network Resilience Guideline identifies a number of examples of possible resilience expenditure. nbn suggests that the AER consider extending these examples to include arrangements that providers be able to consider prioritising restoration of supply to, telecommunications exchanges, fixed wireless facilities, mobile telecommunications infrastructure and emergency communications facilities where safety, network conditions, feasibility and competing essential-service needs permit. Potential measures could include network hardening, improved switching or redundancy, access to temporary generation, and operational arrangements that support prioritised restoration. The purpose of recognising these examples is not to transfer responsibility for telecommunications

[3] AER, Network resilience guidelines, Draft guidelines for consultation p. 11

resilience to DNSPs, but to ensure that the full consumer and community benefits of an efficient electricity network measure can be assessed.

nbn would not expect the AER to accept such a proposal without evidence and consideration of alternatives. nbn would therefore welcome further engagement with the AER and DNSPs on proportionate investments that mitigate these consumer and community impacts, where nbn's role could be to help support evidence-based assessment of DNSPs resilience plans.

nbn thanks the AER for the opportunity to make this submission and looks forward to continued engagement with the electricity industry.