

Network Information Requirements Review

Discussion paper

March 2022

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1 Overview

The AER has commenced a review of the information it collects from and about regulated electricity networks.

At its core, the review project is about driving improvements in the quality of the information about regulated networks that we use and share. Quality improvements are expected from increased consistency, and clarity about data inter-relationships. In addition, we expect to reap substantial efficiencies in the processing and ongoing management of networks information, and enable regulated business that provide information to us to also improve their efficiency for information reporting.

Network information, including data and descriptive information, is critical to our ability to undertake our regulatory roles, including making revenue and price determinations and assessing and reporting on the performance of regulated networks. It underpins our analysis of regulatory proposals and supports the work of all stakeholders as they contribute to the future development of electricity networks. Consistent, relevant and transparent information about regulated networks is essential for all decision-makers and energy sector participants working for the long-term interests of consumers. We use regulatory information notices to collect information on past, present and future expenditures, revenues, asset bases, operations and service delivery to use in our regulatory processes.

The energy sector is undergoing a significant transformation, which includes potential changes in the role of regulated networks where increasing reliance is being placed on distributed energy resources and large-scale battery storage. Evolving roles require the regulatory framework to also evolve. The information we collect needs to keep pace with, and inform, sectoral and regulatory change.

The Networks Information Requirements Review is being undertaken to ensure the information we collect from and about regulated electricity transmission and distribution networks is robust, accessible and fit for purpose into the future.

The need for the review is driven both by the energy sector transformation and by recognition that our current information requirements and collection processes need to be refreshed. Multiple, separate information requests and notices are currently used to collect information from regulated networks. The networks have stated, and we concur, that our current arrangements are inefficient and impose additional costs on network businesses and the AER. The bulk of our current information requirements were developed as part of the 'Better Regulation Review' undertaken in 2013. Those requirements were set in place for 10 years and are due to expire in 2024.

The impending expiry of current requirements, the inefficiency of current arrangements, changes to the energy sector and changes to our information requirements are all good reasons to review our network information requirements. In addition, we expect the review to deliver a range of benefits:

- streamlined information requirements
- more efficient information exchange between us and regulated networks

- more efficient information collection and management for both the AER and regulated networks
- better information sharing by the AER with all stakeholders.

The updates to data requirements will also improve data quality by improving the consistency of the annual data reported to us by all regulated networks. Improvements in data quality will provide broad benefits to all data users, reducing the time required to interpret information.

Key outputs from this review will be a new regulatory information instrument setting out our information requirements and a clear process and timing for future updates to information requirements. The new regulatory information instrument imposes annual reporting obligations on the regulated network businesses, and will be issued by the AER using information gathering powers under the *National Electricity Law* (NEL). In parallel to this review we will commence a program of work enabling the transition to better information exchange technologies.

While we have been working on refreshing our networks information for some time, this discussion paper initiates our public process. It is aimed at all participants in the energy sector, including regulated networks, energy consumers, policymakers and energy sector analysts. It describes the process we will undertake to refresh our current information requirements and identifies opportunities for stakeholder involvement throughout the review process.

In this discussion paper we cover a range of topics relevant to our longer-term vision for networks data, although some will be addressed outside of this current review. The discussion topics we've identified are:

- development of a new regulatory information instrument
- data requirements
- other information requirements
- quality assurance
- future information requirements updates
- information exchange
 - providing information to the AER
 - accessing information from the AER.

For each of these topics we have set out an AER preliminary view and listed some questions on which we are keen to hear from stakeholders. Our preliminary views reflect work we've done on data modelling, technology and systems changes, and changes in our ways of working. However, these views, and the questions, are not meant to limit stakeholders responses and all stakeholders are welcome to provide comment on these issues, and raise additional issues relating to network information. Across all topics we are keen to hear stakeholders views on what we should be doing to reap the potential benefits that could arise from this review.

1.1 Scope of the review

This review focuses on annual information collections from regulated electricity networks. The annual information collection process relates to historical information submitted for the most recently completed regulatory year.

Our annual information requirements support our assessment of regulatory proposals and our performance reporting functions. The data is also used in annual compliance or approval processes, including determination of service performance incentive rewards or penalties, annual pricing approvals, and demand management reports. We also use our information to review and refine our regulatory tools, to assess the impact of our decisions and in developing new tools, such as the incentive arrangements relating to distributed energy resources.

Our annual information is an important input to assessing expenditure forecasts and revenue proposals. This review is focused on annual historical information, but it will be informed by changes in regulatory assessment tools and models being developed and used in current regulatory determination processes.

This review will not specifically address changes to the data exchange IT systems and processes. That work will run in parallel to this review and is critical in achieving the full benefits from this work. However, the changes to our information requirements and the development of a new regulatory information instrument are not dependent on changes to the data exchange systems and processes. For that reason, while we are keen to hear from stakeholders on options and preferences for information exchange, we will manage changes to the information exchange process as a separate stream of work.

1.2 Review process and timing

This review is focused on the specification of data and non-data information requirements and the development of a new regulatory information instrument governing annual information submissions. These two elements overlap because the regulatory information instrument will specify annual data requirements as well as non-data information that supports or describes the information collected.

Our proposed process starts with this overview of the review purpose and benefits, then looks in detail at data requirements, before broadening to the development of a new regulatory information instrument. Elements of the project will continue through 2022-23, and we hope to start realising the benefits of this work by the end of 2023.

1.3 Getting involved

We encourage engagement by all energy sector participants and stakeholders. The decisions we make and the actions we take affect a wide range of individuals, businesses and organisations. Hearing from those affected by our work helps us make better decisions, provides greater transparency and predictability, and builds trust and confidence in the regulatory regime.

Consultation

We are now seeking submissions from stakeholders on the issues raised in this discussion paper and other issues relating to networks information requirements. We will hold an online

public forum on 21 April 2022, before submissions close, so that interested parties can ask questions about this review to inform their submissions.

Table 1 sets out the key milestones planned for this review.

Table 1 Key dates for Network Information Requirements Review

Milestone	Date
AER publishes discussion paper (review begins)	23 March 2022
AER to hold a public forum (including Q&A session) on the discussion paper	21 April 2022
Submissions on discussion paper close	6 May 2022
Option for AER to hold follow-up data requirement workshops as required	May – June 2022
AER publishes Preliminary Draft Instrument (including data requirements)	Q3 2022
Consultation on the Preliminary Draft Instrument	Q3 - Q4 2022
AER issues Draft Instrument	Q4 2022
Consultation on Draft Instrument	Q4 2022 Q1 2023
AER issues Final Instrument	Q2 2023

Note: Timelines are indicative and subject to change.

1.4 Invitation for submissions

We invite energy consumers and other interested parties to make submissions on the Network Information Requirements Review discussion paper by Friday 6 May 2022.

Submissions should be emailed: networksinformation@aer.gov.au

Alternatively, submissions can be sent to:

Dr Kris Funston
 Executive General Manager, Networks Regulation
 Australian Energy Regulator
 GPO Box 3131
 CANBERRA, ACT, 2601

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

We request parties wishing to submit confidential information:

- 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.

Public forum

The AER will host an online public forum to enable stakeholders to ask questions about the Network Information Requirements Review before submissions close on 6 May 2022. The public forum will be held from 10.00 am to 11.30 am (AEST) on Thursday, 21 April 2022. Register your interest in the public forum (via our website) by Tuesday 19 April 2022.

2 Discussion topics

2.1 New regulatory information instrument

AER preliminary view

The AER will develop regulatory information orders to specify the future annual information reporting obligations imposed on regulated networks. Separate information orders will be developed for the transmission and distribution networks.

We have steadily been moving away from issuing regulatory information notices that are tailored to each business's individual circumstances. Our current information requirements and assessment tools standardise information requirements as much as possible within each data collection. We now have standard notice and data collection templates being issued to distribution networks for each of the notices and information requests they respond to each year. Similarly, the transmission networks all have a suite of standardised notices and information guideline templates, against which they report each year.

The transition to standardised requirements has largely occurred as part of bilateral consultation between the AER and individual network businesses, without the benefit that broader consultation can bring. For developing future information requirements, we would like to facilitate participation by a wide range of stakeholders, not just consultation between regulated networks and the AER.

The AER has powers under the NEL to issue regulatory information instruments, setting out the information required to be provided to the AER. The NEL allows us to specify the form and structure of information submissions, as well as the timing and process by which the information is submitted. There are 2 types of regulatory information instruments:

- Regulatory information order – served on a class of participants¹
- Regulatory information notice (RIN) – served on a specific participant².

To date we have mainly used our powers to issue notices, but moving to the information order framework is likely to have considerable benefit. The benefits arise from the broader consultation obligation – RINs are typically consulted on with the receiving party only, but an information order must be developed or varied using a public consultation process, as set out under the NEL.³ We consider further benefits will also arise from the drive to consistency, quality assurance processes, and processes to manage future changes in information requirements (section 2.5 of this paper addresses quality assurance and section 2.6 discusses future changes). By moving to an information order, the AER hopes to increase data consistency. The information order requires that all networks subject to the information

¹ National Electricity Law, Division 4—Regulatory information notices and general regulatory information orders, Subdivision 3, 28K (3).

² National Electricity Law, Division 4—Regulatory information notices and general regulatory information orders, Subdivision 3, 28K (2).

³ National Electricity Law, Division 4—Regulatory information notices and general regulatory information orders, Subdivision 2, 28F – 28J.

order meet the same requirements from the same reporting date, with the same instructions and definitions. It reduces the scope for variations in the information we collect and use.

Under an information order, we consider that any requests by regulated businesses for assistance in interpreting requirements will have to be made public, so that any guidance material provided can be applied consistently by all businesses and understood by other stakeholders. While that outcome may reduce responsiveness, it will help ensure consistency between different businesses.

The key difference between using our information gathering powers to issue an information order or a notice relates to the administrative process undertaken, rather than the content or information requirements specified therein. The broader consultation process associated with an information order will increase the administrative burden on the AER and the time taken to develop and issue an information order, in comparison to issuing a notice. There is also some risk that the flexibility we currently have to vary a notice within a very short time frame may be lost. We use that flexibility to deal with unusual circumstances impacting a particular business, often reflecting difficulties in meeting reporting deadlines due to one-off events or changes in the business's processes.

But an information order has the benefit of ensuring all stakeholders are able to participate in the process of setting and amending information requirements. We think the benefits of increased transparency and understanding of network information and performance will manifest in stakeholder participation in future regulatory processes and, as such, outweigh the greater administrative burden.

We are also aware that our information requirements must be able to cater for different jurisdictional arrangements. For example, distribution feeders are classified differently in Tasmania compared with mainland states, and in the Northern Territory there is no transmission network. In the transmission sector, interconnectors are defined as transmission networks, but their size and role may mean that different information is required compared with other transmission networks. These differences must be able to be integrated in the specification of information requirements in an information order, potentially varying information requirements sought from different networks but still helping ensure we get the information we need, in the form we need it. The alternative is to narrow the scope of an information order to exclude some businesses, or some information requirements, and use a different process to collect the excluded information.

The NEL allows the AER to use its information gathering powers to collect the information we need to undertake our regulatory functions. Although we prefer issuing an information order, we have the option of continuing to issue RINs if the risks of using an information order are significant.

Do you see any risks or benefits in relying on regulatory information orders, rather than bilaterally negotiated regulatory information notices? Should any regulated networks be excluded from the scope of the proposed information orders? If so, why?

2.2 Data requirements

AER preliminary view

Using our new data model, which groups like data into data categories, we will update our annual data requirements to:

- capture new data requirements
- eliminate duplication and redundant requirements
- standardise concepts and definitions
- document data validation rules
- enable crosschecking of data within data categories.

The bulk of our current annual data is collected from electricity networks under the following tools:

- annual reporting regulatory information notice – distribution only
- information guideline/regulatory accounts – transmission only
- economic benchmarking regulatory information notice – distribution and transmission
- category analysis regulatory information notice – distribution and transmission
- profitability information request – distribution and transmission
- annual pricing proposals – distribution only.

We use the information collected in our regulatory processes, such as in setting revenues earned or prices charged by the network businesses. We also use the information to report on the performance of the network businesses and look for changes in the quality of network services delivered or the cost of delivering network services.

Similar types of data are currently collected under multiple tools, for example:

- capital expenditure and operating expenditure data is collected under the annual reporting, economic benchmarking and category analysis regulatory information notices and information guidelines
- revenue information is collected under annual reporting, economic benchmarking, information guidelines, the profitability information request and annual pricing proposals.

The use of different tools for similar data reflects the evolution of our data requirements, where it has been grouped to reflect the purpose for which it is collected. The difficulty with this current data grouping is that it makes it harder to drive consistency of information between different tools, including consistency of the concepts and terms, as well as like datasets.

The current annual reporting, economic benchmarking and category analysis RINs are due to expire in 2024. Recognising that we would be required to review the current RINs, the AER took the opportunity to critically review its existing data model and overarching data collection. The review found that collecting data by RIN type, or regulatory purpose, has

created some duplication and inefficiencies in how the data is managed by the AER. In response, the AER has developed a new structure for the networks data, which focuses on the type of data being collected, rather than the type of regulatory information notice or purposes for which we collect it. Our existing dataset is included in the new data categories – we do not want to devalue our existing data by breaking time series, which are used in our regulatory reporting and decision-making.

We have developed 10 data categories to describe the range of data we collect. Table 2 lists each data category and describes the types of information classified under each category.

Table 2 Networks data categories

Category	Description	Example data
1. Reference data	Information about the regulated network to which the data relates. Reference data does not change very often and does not need to be collected as part of the annual process.	Business name / ABN Address Sector Segment Jurisdiction
2. Operational outputs	Information about the volume of services delivered by the network.	Energy delivered Demand Connections
3. Network metrics	Information about the network and the environment in which it is located.	Asset volumes, age, capacity Environment factors
4. Customer numbers	Information about the network's customer base.	Customers by location, tariff class, meter type
5. Service performance	Information about how well the network delivers its services to consumers.	Interruptions Customer service Guaranteed service-level breaches
6. Operating expenditure	Information about expenditure used to operate or maintain the network.	Opex modelling Opex by category
7. Capital expenditure	Information about expenditure used to build or expand the network.	Capex by asset class Capex by purpose
8. Asset base values	Information about the value of the assets of the network.	Regulatory asset base Tax asset base
9. Revenue and financial statements	Information about revenues, financial transactions and balances.	Earnings Expenditures Profitability Tax
10. Prices	Information about the prices charged or paid by networks.	Tariffs Input prices Unit costs

We have developed our data requirements from existing RINs and information requests, as well as some new data requirements. The new data requirements include basic information on distributed energy resources, although our requirements are still being finalised with industry stakeholders as part of the development of the new regulatory and reporting obligations. Other changes in data requirements include removing augmentation project reporting (which is duplicated in the capex model) and simplification of service performance data requirements (collecting raw data on interruptions rather than reliability calculations).

In section 3 of this discussion paper we describe the set of consultation workbooks we have developed for each data category to facilitate the detailed review of our data requirements. We have worked to eliminate duplicate data and strive for consistency in the use of terms, concepts and definitions within and across data categories. The consultation workbooks provide a mapping to the current suite of excel templates used to collect data and include definitions, validation rules and crosschecks.

Is there any new data that the AER should consider including in its data requirements? If so, why is it needed and how should the data be used? Is there any data you consider could be removed from the current data requirements? Are there any other changes you would like to see to our data requirements?

2.3 Other information requirements

AER preliminary view

The AER will minimise non-data reporting included in the annual information requirements.

The current suite of annual information requirements includes a substantial amount of ‘non-data requirements’. This information is presented to the AER as descriptive information that has been sought to assist interpretation of the data or compliance information that has been requested to address specific compliance obligations.

The type of non-data information collected includes:

- basis of preparation – a description of data sources, methodologies and assumptions used to prepare data required under the RINs
- accounting policies – regulatory accounting principles and policies, capitalisation policy
- cost allocation methods – details of the allocators used to classify expenditures, where the expenditures are not directly allocated
- explanation of material variation in data reported when compared with forecasts
- explanation of regulatory adjustments – details of regulatory adjustments made to financial statements to ensure data is reported in accordance with the regulatory framework (which may be different to corporate accounting framework)
- incentive scheme reports and compliance information
- quality assurance requirements – audit and review reports, statutory declaration
- compliance statements – details of the network’s compliance with various obligations under the NEL or the *National Electricity Rules* (NER)
- corporate structure – ownership details.

Our current RINs intersperse data, compliance statements, quality assurance obligations and other non-data requirements throughout the regulatory information notices.

Some of the non-data information is already available to the AER from other sources and, for accounting policies and methods, the information often remains the same across multiple years. In other cases, non-data information has been included in the RIN to ensure the quality assurance standards apply to information submitted to meet incentive scheme reporting and compliance obligations.

To help reduce the reporting burden imposed on regulated networks, the AER would like to reduce the amount of non-data information required to be reported each year. In particular, information that is available from other sources or that is not used for our annual reporting or annual regulatory processes could be removed from the annual information collection process. This issue has been raised by regulated networks with increasing frequency in a number of consultation processes, including our recent consultation on the Better Resets Handbook. Some of the information is critical to understanding the data and driving data quality standards – such as the basis of preparation and the quality assurance information. Other information, such as corporate structure and forecast revenue or expenditure data, may not need to be provided through the annual information reporting process. Compliance information, and information on incentive schemes, could also be sought through an alternative reporting process.

We will also look in detail at key non-data requirements such as the basis of preparation. The regulated businesses provide a wide range of information in various structures and with varying levels of detail in their current basis of preparation documents. We would like to standardise the structure and format to simplify interpretation of the information for our work and for the independent assurance assessments and other stakeholders.

Our review of non-data requirements will include assessing the purpose for which the information is being sought, looking for alternative sources of information and increasing the clarity of requirements. The detailed review of non-data requirements will be incorporated into the development of the new regulatory information instrument.

What non-data information do you consider should be provided to the AER? Are there any non-data requirements you would support being removed from future reporting processes? Are there any examples of a basis of preparation you consider to be materially better than others?

2.4 Transmission information guideline

AER preliminary view

The AER will put forward a rule change proposal to remove the obligation to publish a transmission information guideline.

Under the NER, the AER is required to publish an information guideline for electricity transmission networks.⁴ The guideline sets out requirements for reporting specific financial information (regulatory accounts) and other information, including operating and capital expenditure, corporate details and audit/review reports. The AER first published the guideline in 2007 and most recently revised the guideline in 2015 to eliminate duplicate data requirements with economic benchmarking and category analysis RINs.

This review is an opportunity to streamline current information requirements and provide a way forward that helps maintain a streamlined approach as future information requirements change. We consider that a consistent framework, with minimal alternative pathways for the specification of information requirements, will help simplify future processes. The transmission information guideline sits outside of the current regulatory information instrument framework. Given the powers we have under the NEL, we do not think the guideline is needed in the future. The information collected under the guideline links to information collected under current RINs and has been included in the data categories to help minimise duplication and facilitate consistency.

Developing an information order that includes the information currently reported against the guideline will mean the guideline becomes redundant, and we will put forward a rule change to amend the NER to remove the obligation to publish and report against the guideline. We will consult on this proposal prior to making a submission to the AEMC and will schedule that consultation in parallel with our development of a new regulatory information instrument – from mid 2022.

Do you consider the transmission information guideline should be retained in its current form or for any other purpose?

2.5 Information assurance

AER preliminary view

Information submitted to the AER must be endorsed by company officers and subject to review by independent audit or assurance providers.

Good-quality information is essential to good-quality regulatory outcomes. Our specification of data requirements will include explicit data validation rules, and data consistency crosschecks will help improve the quality of data submitted to the AER. But the information assurance process provides additional value.

⁴ The AER made its final decision on Electricity Transmission Network Service Providers information guidelines with effect from 28 September 2007 as required under chapter 6A of the National Electricity Rules (NER) and the transitional provisions in clause 11.6.17 of the NER. The guideline was updated in 2015.

See: AER, Electricity Transmission Network Service Providers information guidelines, April 2015 <https://www.aer.gov.au/networks-pipelines/guidelines-schemes-models-reviews/information-guideline-2015/final-decision>

The information we collect from regulated networks impacts all energy consumers – we want our regulatory decisions to be based on the best information available from the regulated networks. It is not enough to demonstrate that data meets the basic validation rules, or that information is current, the regulated networks must also be able to say that it is the best information and data available that meets requirements. Quality assurance work imposes additional costs on regulated networks because it requires a critical review of information, and assessment of the information’s integrity. We consider the benefits arising from the active review and assessment of information being submitted outweigh the additional costs to the regulated networks.

Our current RINs include quality assurance obligations. They require:

- independent audit or review of the data, aligned with Australian Accounting Standards
- a statutory declaration from a company officer attesting to the quality of the data.

Appendix A includes a copy of the independent audit or review requirements and a copy of the statutory declaration, taken from the annual reporting RIN issued to distribution businesses. These requirements are similar to those imposed under the economic benchmarking and category analysis RINs and, as the most recently reviewed, will form the starting point for future requirements.

We propose to maintain both the independent audit/review and the statutory declaration requirements for future annual data submissions. The consultation process regarding development of a new regulatory information instrument will address the quality assurance obligations imposed on regulated networks. Any feedback on our current quality assurance framework will inform the regulatory information instrument development process.

Do you have any feedback on the AER’s proposal to maintain the current assurance processes?

2.6 Updating information requirements

AER preliminary view

An update of the AER’s network information requirements should be scheduled for every 4 years, with informal collaborative processes used to address changing information requirements between reviews.

We are asking stakeholders to think about an effective process for enabling new or changing information requirements to be integrated into the AER’s future data collection. As the energy sector transitions, we need processes that enable our information requirements to be kept up to date and that support evolving analytical needs and tools of the AER and other stakeholders. Changes to the energy sector that are likely to impact on our information requirements include the introduction of renewable energy zones, electric vehicles, increasing volume of distributed energy resources, and changing consumer preferences and involvement in our regulatory decisions.

Our preference is to introduce new information requirements outside of the regulatory information instrument framework for a preliminary period. Using less formal information gathering tools allows us to work with information providers and users to assess what information is available or needs to be created, or if alternative data may better suit our needs. It gives us time to assess how different concepts need to be defined to ensure a shared understanding of the information and test whether the information is fit for purpose. Given most information from regulated networks is only reported to the AER on an annual basis, it may take 2 or more years to finalise new information requirements, after which the obligation to provide that information may be formalised.

An example of this process currently underway relates to information about the impact of distributed energy resources on the operation of electricity networks. We are exploring currently available data, as well as considering other information that will support both our ability to analyse the impact of distributed energy resources on networks and to report on outcomes and costs and benefits to consumers. Our initial information requests have been developed in consultation with the regulated businesses. They are working with us to identify variations in data that will impact our ability to use it to make comparisons. From this initial information we will refine our requirements and provide businesses with time to develop data collection tools. Where we identified consistent reportable measures, we have included them in the new data requirements. But we expect more comprehensive requirements to be included in future updates to our information requirements.

Updating the information order (and/or information notices) will be a significant undertaking involving regulated businesses, consumer groups, industry analysts and other stakeholders, as well as the AER. We need to balance the cost of reviewing our information requirements against the benefits of having good-quality information available to inform policy and regulatory changes.

The AER has considered a range of options, from future ad hoc reviews (updates relating to specific new information requirements) to comprehensive reviews on a fixed cycle – say every 3 or 4 years. Our preference is for the latter option – a comprehensive review undertaken every 4 years. We think the 4-yearly review cycle will help keep the cost of changing information requirements low, but also allow information requirements to be revised to reflect the evolution of the energy sector.

In addition to the formal review cycle, we consider the period between reviews can be used to develop and refine any new or changing data requirements. An example of how this might work is described above in relation to DER information. This will be a more informal process, allowing data requirements to be developed as part of the consultation processes we undertake on other aspects of the regulatory framework (such as the DER review or incentive scheme review).

How should the AER deal with changing information requirements? How frequently should the information order (or notices) be updated? How should we get the information we need prior to the requirements being included in an updated information order?

2.7 Information exchange

Information exchange refers to the processes we use to get information from regulated networks and how we share that information with other stakeholders.

Providing information to the AER

AER preliminary view

Develop an information exchange portal or system in collaboration with regulated networks to streamline the process for submitting information to the AER.

We would like to modernise our information exchange processes, to minimise manual handling and processing, and develop our IT systems to support a modernised information exchange process.

Currently, regulated businesses submit information to the AER via an exchange of files, including excel templates, using a secure file exchange service or email.

The AER has already implemented data portal technology for other participants in the energy sector and we can leverage that work to develop data exchange systems that will enable regulated networks to streamline their data and information submission processes. The IT development work can run in parallel to the other elements of this review and will require active engagement of regulated networks and their data service providers.

We are conscious not all networks will have the same IT systems in place, or IT budget or appetite for large IT changes, so we will work to ensure that new regulatory instruments minimise specific technical requirements relating to information provision. We want to develop an effective information exchange portal and will look to facilitate the transition to the new arrangements, rather than compromise on the IT system design.

Similarly, the timing of the data exchange development work may not align with the timing of this review, but the updated information requirements will be integrated with technological changes.

The work to develop and improve the information exchange process is out of scope of this project, but we are still interested in getting early feedback from participants about the possible IT solutions to help us streamline future information submission processes. The feedback will be used to inform any IT development project, including identifying stakeholders, constraints and options that may be implemented. Early feedback will help identify any commonality in preferences and initiate the discussions needed between the AER and regulated networks to develop new information exchange tools.

**What tools will best meet the needs of networks submitting information to the AER?
What constraints should we be aware of in designing new information collection systems and process?**

Getting information from the AER

AER preliminary view

Develop an information access system consistent with Australian Government standards to facilitate data sharing with all stakeholders.

The AER would like to provide all stakeholders with better access to the information it collects from and about regulated businesses. Our current process of publishing business-specific data files and models, or datasets associated with specific published reports, makes accessing data, across businesses and multiple reporting years, difficult for many stakeholders.

The AER wants to share information in a way that meets the needs of a wide range of stakeholders, with different budgets, IT systems and accessibility requirements.

While there are limits to the AER's ability to implement new IT solutions in the short term, feedback on preferred information sharing tools and platforms will inform our ongoing IT development work. We would like to hear about both your preferred 'blue sky' approach to information sharing, as well as what you may consider a best 'minimum viable option'.

How would you like to access the AER's data relating to regulated networks? Are there other agencies that are good at sharing data and information?

3. Consultation workbooks

To help stakeholders visualise our current data requirements, we have developed a set of excel workbooks – consultation workbooks – which have been published with this discussion paper. Each workbook sets out data requirements for a single data category. There are 2 sets of workbooks, one for transmission networks (Attachment A) and one for distribution networks (Attachment B).

These workbooks present data requirements as tables and include additional information such as concepts and definitions, data input validation rules and links to ensure totals of different tables align. The presentation of the data is different to our current RIN data templates, but the workbooks include reference to existing RIN tables to assist with comparisons of the current and our proposed data requirements.

The workbooks group ‘like’ data, highlighting differences in detailed disaggregations and making crosschecking simpler. That means that all data relating to the same purpose may not be presented in the same workbook. Replacement capital expenditure (repex) data is a good example of this – data collected for the AER’s repex analysis includes data on expenditure, assets replaced, asset failures, total asset volumes and asset age. In the consultation workbooks, expenditure data is shown in *Data category 7 – Capital expenditure*. However, data on asset volumes and age is shown in *Data category 3 – Network metrics*, while data on asset replacements and failures is shown in *Data category 2 – Operational outputs*. Similarly, data collected for pricing assessments is presented in 3 different data categories:

- Data category 3 – Network metrics – demand by tariff
- Data category 4 – Customer numbers – customers numbers by tariff
- Data category 10 – Prices – tariff data.

This grouping of data by type does not impact how the data is used or stored by the AER because all relevant data can still be extracted and input into the AER’s models and analytical tools.

At this stage the consultation workbooks are NOT intended to be used as a data collection tool, but they will inform the design of future data collection tools and systems. As noted in section 2.7, we will transition away from the current system of exchanging excel files with regulated networks. The development of an alternative data collection tool will be done in conjunction with regulated networks.

The consultation workbooks should be referenced by stakeholders when reviewing our proposed data requirements.

Appendix A – Information assurance current requirements

A.1 Statutory declaration –distribution annual reporting RIN

STATUTORY DECLARATION

An *officer* of [Australian Distribution Co] is required to complete a statutory declaration form appropriate for the jurisdiction in which the *officer* resides.

In completing the form the *officer* must make a declaration in the following terms:

1. I am an officer, for the purposes of the *National Electricity (Australia) Law*, of [Australian Distribution Company Pty Limited (trading as *Australian Distribution Co*) (ABN 12 345 678 7910)], a regulated network service provider for the purposes of section 28D of the NEL. I am authorised by [Australian Distribution Co] to make this statutory declaration as part of the response of [Australian Distribution Co] to the Regulatory Information Notice dated DD MMM YYYY (*notice*) and served on [Australian Distribution Co] by the Australian Energy Regulator (AER).

2. I say that the *actual information* (as defined in the *notice*) provided in [Australian Distribution Co's] response to the *notice* is, to the best of my information, knowledge and belief:

- (a) in accordance with the requirements of the *notice*; and
- (b) true and accurate.

3. Where it is not possible to provide *actual information* to comply with the *notice*, [Australian Distribution Co] has, to the best of my information, knowledge and belief:

- (a) provided [Australian Distribution Co's] best estimate of the information in accordance with the requirements of the *notice*; and
- (b) provided the basis for each estimate, including assumptions made and reasons why the estimate is the best estimate.

A.2 Audit / assurance requirements – distribution annual reporting RIN

AUDITS AND REVIEWS

1. INFORMATION TO BE AUDITED OR REVIEWED

1.1 The independent audit or review process set out in this Appendix C applies to the historical information in the Microsoft Excel Workbooks attached at Appendix A:

- (a) actual *financial information*;
- (b) estimated *financial information* where [*Australian Distribution Co*] certifies that it is not possible to provide actual historical information; and
- (c) actual and estimated *non – financial information*.

1.2 If [*Australian Distribution Co*] has previously provided information to be audited to the *AER* in response to a Regulatory Information Instrument to the standard required by this *notice*, it is not necessary for this data to be audited again. This fact would need to be confirmed and documented in response to this *notice*.

However, if this previously audited and supplied data is disaggregated for the purposes of this *notice*, the disaggregated data and reconciliation with the previously audited and supplied data must be audited.

1.3 Forecasts, explanations relating to *material* differences, and auto populated cells in the Microsoft Excel Workbooks attached at Appendix A are outside of the *audit* and review requirements.

2. CLASS OF PERSON TO CONDUCT THE AUDIT/REVIEWS

2.1 The audit or review of information (as applicable) referred to in paragraph 1.1(a) and 1.1(b) must be conducted by the Australian Auditor General, or a person who:

- (a) is a registered company auditor who is a member of the Institute of Chartered Accountants Australia (CA or FCA) or of CPA Australia (CPA or FCPA) that holds a Certificate of Public Practice, or
- (b) is independent from [*Australian Distribution Co*] and all of its related bodies corporate – that is, not a principal, member, shareholder, officer, or employee of [*Australian Distribution Co*] or its related entities;
- (c) is appointed for the purposes of expressing an opinion or conclusion on the audit requirements outlined in detail in paragraph 3 of this Appendix C;
- (d) has experience in conducting financial, performance, operation or quality assurance audits and conducting data sampling in the electricity industry;

- (e) possesses relevant knowledge and experience in the electricity industry, engineering, IT systems, asset management and customer service as relevant to the audit or review;
 - (f) understands regulatory accounting methods, including [*Australian Distribution Co's*] *cost allocation method* and the *AER's Ring-fencing Guideline – Electricity Distribution*;
 - (g) understands the definitions, procedures and methodologies specified in the *NER* and/or this *notice* that have been used in the preparation of the data the subject of the audit or review; and
 - (h) is available to discuss issues relating to the audits with [*Australian Distribution Co*] and the *AER*, including where an *audit opinion report* or *review conclusion statement* is critical of, or highlights deficiencies in, the audited *financial information* and/or *non-financial information*.
- 2.2 The review of information referred to in paragraph 1.1(c) that relates to *non-financial information* may be conducted by a person who:
- (a) does not satisfy all of the requirements in paragraph 2.1(a);
 - (b) is an assurance practitioner as defined in *ASAE 3000 Assurance engagements other than audits or reviews of historical financial information*; and
 - (c) satisfies the requirements of paragraph 2.1(b) to (h).

3. AUDIT AND REVIEW REQUIREMENTS

- 3.1 Audits and reviews must be conducted in compliance with Australian Auditing and Assurance Standards, as developed by the Auditing and Assurance Standards Board.
- 3.2 The audit of actual *financial information* referred to in paragraph 1.1(a) must:
- (a) comply with the Auditing Standard *ASA 805 [Special consideration] – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*; and
 - (b) include an *audit opinion report* that includes an opinion as to whether or not the actual *financial information* provided is presented fairly in accordance with the requirements of this *notice* and the [*Australian Distribution Co's*] *basis of preparation*.
- 3.3 The review of *estimated financial information* referred to in paragraph 1.1(b) must
- (a) comply with *ASRE 2405 Review of Historical Financial Information Other than a Financial Report*; and

- (b) include a conclusion statement as to whether or not anything has come to the auditor's attention that causes it to believe that the estimated historical *financial information* does not, in all *material* respects, present fairly in accordance with the requirements of this *notice* and the [*Australian Distribution Co's*] *basis of preparation*.

3.4 The review of the *non-financial information* referred to in paragraph 1.1(c) must:

- (a) comply with the ASAE 3000 *Assurance engagements other than audits or reviews of historical financial information*; and
- (b) include a conclusion statement as to whether or not anything has come to the auditor's attention that causes it to believe that the historical *non-financial information* does not, in all *material* respects, presented fairly in accordance with the requirements of this *notice* and [*Australian Distribution Co's*] *basis of preparation*.