



6 May 2022

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Dear Dr Funston,

Ausgrid is pleased to provide this submission to the Australian Energy Regulator's (AER) Network Information Requirements review. **Attachment A** provides our response to the AER's questions.

Ausgrid operates a shared electricity network that powers the homes and businesses of more than 4 million Australians living and working in an area that cover over 22,000 square kilometres from the Sydney CBD to the Upper Hunter. As a Distribution System Operator (DSO) we have an important role in providing safe, reliable and efficient network services.

Ausgrid supports the review of existing network information requirements. Parts of the current reporting requirements have been in place in since 2013. The review therefore provides a timely opportunity to consider alternative information gathering arrangements which respond to recent developments in the national electricity market (NEM), reduce costs for all parties, and streamline reporting. While supportive of the review we consider that:

- There is scope to reduce the duplication of information requested;
- The simplification of formatting of data requirements should be pursued to allow for additional analytical and visualisation functionality to be enabled over time.

The AER's information reporting requirements, while essential, impose costs for not only electricity distributors but the AER as well. To maximise the net benefits of the reporting regime, we welcome the AER's consultation paper commitment to explore opportunities to remove obsolete information requirements.

We thank the AER for the opportunity to provide this submission. Should you wish to discuss any of the issues raised in this submission further, please contact Gareth Downing, Senior Regulatory Economist at [REDACTED]

Regards,

Alex McPherson

[REDACTED]
Head of Regulation

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Attachment A. Ausgrid’s response to the network information review questions

Q1: 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?

The transition to regulatory information orders (**RIOs**) may offer benefits if it delivers a more standardised framework for reporting data across distributors in the NEM. While supportive of greater standardisation, the transition to RIOs may entail the following risks:

- Inconsistent interpretation of RIO requirements among electricity distributors which drive the same or greater levels of data quality issues when benchmarking;
- Misspecification through overinclusive or underinclusive drafting.

In our view, these risks can be mitigated by:

- Providing guidance on the definition and interpretation of information requirements;
- Indicating where data is not comparable, e.g. due to differences in CAMs;
- Indicating that some aspects of a RIO are optional, or only applicable to a specified network or networks where there is a risk of overinclusive drafting to require information only held by a sub-set of networks.

Broad consultation, including with customers, will be key to a successful transition to RIOs.

Q2: 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?

We welcome the AER exploring opportunities to optimise the current data requirements. In undertaking this task, the AER should consider how its expenditure assessment methods have evolved. For example, regulatory determinations no longer favour detailed ‘bottom up’ analysis of operating expenditure (**opex**) forecasts but instead tend to rely on less data intensive ‘top down’ techniques (‘base, step, trend’).

Optimising for the AER’s established expenditure assessment methods would remove unnecessary data collection requirements, saving costs and promoting greater accessibility for customers. The table below outlines examples of data that could be removed or reduced.

Information	Assessment
Pay rates for employees (Category Analysis RIN template 2.11.2)	Detailed ‘bottom up’ information on pay rates is an input which does not currently feed into the AER’s ‘base step, trend’ approach to assessing opex.
Transformer capacity of high voltage customers (Economic Benchmarking RIN template 3.5.2)	Information is not used for partial performance indicators or capital expenditure (capex) multilateral partial factor productivity (MPFP).
Cold spare capacity of zone substation transformers (Economic Benchmarking RIN template 3.5.2)	Same as above (collected but unclear how/if used)
Average age of assets (Category Analysis RIN template 2.8.1)	Data collected in Category Analysis RIN 2.8.1 on average age of assets can be calculated using template 5.2.1 of the same RIN

Attachment A. Ausgrid's response to the network information review questions

Q3: 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?

We support removing the provision of non-data information where this information is either held by or already approved by the AER. To simplify and reduce the duplication of reporting, where there has been no change in the reported information (e.g. corporate structure) electricity distributors should be able to nominate this within the RIO, rather than resubmit the same information on an annual basis.

Ausgrid supports the development of a standardised basis of preparation (**BOP**) template. We consider that our existing BOP documentation could form the basis of a common template going forward.

Q5: Do you have any feedback on the AER's proposal to maintain the current assurance processes?

We are broadly supportive of existing processes. However, we note that there may be scope to reduce the assurance requirements applicable to specific aspects of the RIN where there are elements of duplication. For example, the Demand Management Innovation Allowance (**DMIA**) is currently subject to a statutory declaration while the Demand Management Incentive Scheme (**DMIS**) is incorporated into the annual RIN audit. It may be more streamlined to have both the DMIA and DMIS subject to the audit process.

Q6: 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?

The AER should seek to deal with changing information requirements through the review of RIOs as part of a formal four-year review cycle. Where there is a clear and compelling need for additional information in between these cycles, RIOs could be supplemented through the issuance of information requests or alternatively a simplified or streamlined RIO.

In issuing information requirements to address gaps in the RIO on an ad-hoc basis we consider that a formal process should be established to allow for consultation and engagement on new information requirements. The adoption of a formal mechanism will allow for collaboration on additional information requirements and limit the potential for misspecification of information requests.

At the commencement of each four-year cycle, the AER could support the collection of information that may be relevant to future ad hoc information requests by signalling potential areas of interest e.g. distributed energy resources (**DER**) or resilience. This would support efforts by electricity distributors to develop appropriate systems of reporting to provide relevant information to the AER as data requirements and RIOs evolve.

Q7: 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?

We support the introduction of an information portal that allows networks to submit data to the AER. The development of this portal should focus on cyber security protecting sensitive information. For example, integration with Microsoft services for single sign on would make it easier for a distribution network to login and have secure access to the data.

Q8: 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?

Attachment A. Ausgrid's response to the network information review questions

Ausgrid supports the development of a public database that allows for the access, examination and analysis of AER information. The development of an online portal that leverages the AER's existing database of RIN information would promote transparency and broad participation in AER processes. The ability to analyse, visualise and benchmark data would be of significant value to customers, customer advocates and distributors.