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Dr Kris Funston  
Executive General Manager  
Network Expenditure Regulation  
Australian Energy Regulator

24-28 Campbell St  
Sydney NSW 2000  
All mail to  
GPO Box 4009  
Sydney NSW 2001  
T +61 2 131 525  
ausgrid.com.au

Via email to: [Kris.Funston@aer.gov.au](mailto:Kris.Funston@aer.gov.au);  
CC: [AERregulatedSAPS@aer.gov.au](mailto:AERregulatedSAPS@aer.gov.au)

Dear Dr Funston,

**Ausgrid submission to the AER Explanatory statement Updating instruments for regulated stand-alone power systems**

Thank you for the opportunity to provide a submission on the Australian Energy Regulator's (AER) *Updating instruments for regulated stand-alone power systems Explanatory Statement (Explanatory Statement)*. The Explanatory Statement outlines changes the AER propose to make to its guidelines to ensure, in the transitional period before the *National Electricity Amendment (Regulated stand-alone power systems) Rule 2022* takes effect on 1 August 2022, that its guidelines are consistent with the national arrangements for regulated stand-alone power systems (SAPS).

Ausgrid generally supports the AER's approach in its Explanatory Statement to update certain instruments so that they appropriately refer to regulated SAPS. We outline our comments on the Explanatory Statement below.

Ausgrid agrees with amending the six guidelines identified in the Explanatory Statement<sup>1</sup> and we agree that there is no need to amend the balance of documents that the AER is required to review under rule 11.142.4 of the *National Electricity Rules (NER)*.<sup>2</sup> Ausgrid considers that the proposed amendments to the following documents appropriately accommodate regulated SAPS:

- Regulatory Investment Test for Distribution Application Guidelines;
- Connection Charge Guidelines;
- Regulatory Investment Test for Distribution; and
- Expenditure Forecast Assessment Guideline.<sup>3</sup>

Ausgrid recommends that the AER consider clarifying the phrase 'electricity through regulated SAPS' in footnote 9 of the *Distribution Service Classification Guideline*, to more clearly reflect the requirements of rule 6.2.1A of the NER.

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<sup>1</sup> These are the: Regulatory Investment Test for Distribution Application Guidelines; Connection Charge Guidelines; Distribution Service Classification Guidelines; Distribution Reliability Measures Guidelines; Regulatory Investment Test for Distribution; and Expenditure Forecast Assessment Guideline.

<sup>2</sup> Rule 11.142.4 of the NER requires the AER to, by the first effective date of an Amending Rule, review and where necessary amend and publish certain documents so that they take into account the Amending Rule.

<sup>3</sup> We note that the Expenditure Forecast Assessment Guideline contains some out-of-date material, which the AER should consider updating. See, for example, section 3.6 (Assessment of deferrals under the Capital Expenditure Sharing Scheme).

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We note the proposed amended definition of 'Feeder' at page 5 of the *Distribution Reliability Measures Guideline* is:

**Feeder** means a power line, including underground cables, that is part of a *distribution network* or a ~~r~~Regulated Stand-a-Along Power System (SAPS).

The definition of 'regulated stand-alone power system' in section 6B of the *National Electricity Law (NEL)* provides for a participating jurisdiction to make regulations under which certain SAPS form part of the national electricity system and that such a SAPS is a regulated SAPS under the NEL.

We recommend the AER consider clarifying whether, in circumstances where a regulated SAPS forms part of the national electricity system, the proposed amended definition of 'Feeder' in the *Distribution Reliability Measures Guideline* is intended to include outages of the regulated SAPS (as defined in the NER), as well as the stand-alone distribution system (as defined in the NER) between a regulated SAPS itself and the customer.

Ausgrid otherwise considers the proposed amendments to the *Distribution Service Classification Guideline* and *Distribution Reliability Measures Guideline* appropriately accommodate regulated SAPS.

We would be happy to discuss this submission with you. Please contact Naomi Wynn, Manager Regulatory Policy at [REDACTED]

Regards

[REDACTED]

Alex McPherson  
Head of Regulation