



6 May 2022

Dr Kris Funston
Executive General Manager, Networks Regulation
Australian Energy Regulator

By email: networksinformation@aer.gov.au

Dear Kris,

Network Information requirements review – discussion paper

CitiPower, Powercor and United Energy welcome the opportunity to share our views with the Australian Energy Regulator (AER) on the Network Information Requirements Review Discussion Paper.

We welcome this review and are supportive of the objectives and intended outcomes. The review provides an opportunity for reform of onerous reporting requirements for industry. A key benefit is the streamlining and consolidation enabled through a new, single instrument. This instrument will reduce duplication and redundancies as well as streamline the assurance process. This alone will have significant resource savings for networks in developing our responses, and for the AER in reviewing our submissions. The savings will be passed through to customers through lower network charges, with no loss in the quality of data provided.

Considering the potential for a Regulatory Information Order, we see benefits in consistency, clarity of definitions and transparency. We suggest these benefits are balanced against the flexibility which may be required by the AER in an environment of transformation. We similarly support the logic in grouping 'like' data together, and have made some suggestions from review of the consultation workbooks which may improve, and clarify where required.

Fit for purpose data requirements will have significant benefits and we strongly encourage the AER to take the time required to thoroughly review information requirements and consult industry to develop a new instrument which realises these aims.

We highlight the following key messages:

The AER should proactively identify and remove redundant data from information requests

We suggest that the AER should use this review opportunity to thoroughly consider all existing data series to identify which are reasonably necessary for the exercise of their functions. The data which is requested should balance what is required to enable the AER to fulfill its functions but doing so in a way which is efficient and cost-effective for consumers.

While networks can suggest data which might meet this description from our perspective, we support an application of rigour within the AER to critically assess all information requested and remove data which is unused or under-utilised.

Given the onerousness of data requirements and the end cost to consumers, this level of rigour is required within the AER in addition to exploration by networks. At each review window, the same exercise should be undertaken to ensure data requirements remain fit for purpose.

We similarly support an AER review of the non-data requirements to identify alternative sources of required information (for example demonstrating the DMIA and DMIS criteria are met), or to only request updates to

non-data information from networks where it has changed from previous years (for example corporate structure).

Data remaining should have a strong use case for inclusion and be accompanied by clear definitions

The AER should be accountable for the data it requests, understanding that each request uses extensive business time and resource to coordinate, collect, review and subsequently have audited. The more information requested, the greater the costs to networks and ultimately to consumers.

Similarly, clarity of definition should accompany the data requested to remove ambiguity and support consistency of reporting across networks. Where clarity isn't given, networks need to make assumptions which may vary across networks making it challenging for the AER to effectively fulfil their regulatory functions.

Developing and sharing use cases with industry and providing specificity with each data request provides an opportunity to collaborate with networks to identify suitable datasets, or collection methods which are less onerous, but still meet the AER's regulatory responsibilities and intended purpose.

While it will require further input of any intended format, we support in principle the standardisation of the structure and format of the basis of preparation documents where it can accommodate all required information across networks and is supported with consistent and clear definitions.

Information assurance should align with the AER's use case and purpose for requesting the data

We support the need for information assurance processes but suggest that the level of assurance should align with the use case for the requested data. For example, it is appropriate for actual financial data used in regulatory reset proposals or to support regulatory decision making to be audited to ISO 805. This gives the highest level of data assurance and allows the AER to fulfill their economic regulatory responsibilities.

However, where data is unused, under-utilised or has a potential future use case but the AER choose to include it within regulatory information requirements, this data should be subject to a suitable reduced audit standard to reflect the lower level of assurance that is needed. In some cases, this might be either a limited assurance review at ASAE 3000 or statutory declaration with no audit assurance required. This shift will save significant audit costs, balancing data quality needs against consumer costs.

Similarly, where data is subject to high degrees of estimation, we suggest the AER consider lessening of the audit standard, where the audit effort exceeds the value of the level of assurance. For example, the Regulated Asset Base (RAB) values disaggregation by Alternative Control Services (ACS), Standard Control Services (SCS) and network services and by kv rating in the existing Benchmarking RIN is currently heavily estimated. Significant audit time is spent reviewing the estimation methods, even though only a limited subset of the data is utilised by the AER. In this case the cost of audit compared with the value to the AER does not align and costs could be saved for consumers by lowering or removing the audit standard.

Streamlining and consolidation should not be compromised over time

Any efficiency improvements being achieved through streamlining of data and consolidation into a single instrument will be lost should the AER develop a new instrument but continue to rely on numerous ad-hoc RINs. The AER should ensure moving to a Regulatory Information Order (RIO) is not too inflexible an approach to meet their needs and wouldn't result in additional ad-hoc Regulatory Information Notices (RINs).

Were this risk to be realised the consolidation and reduction of regulatory burden (for both the AER and networks) and cost savings for customers will not be realised. An alternative to a RIO would be to issue a single consolidated RIN.

In deciding whether to issue the new single instrument as a RIO or RIN, the AER needs to finely balance certainty over flexibility and determine the optimal balance it considers appropriate. In assessing the balance, the AER should consider the required level of flexibility to accommodate different jurisdictional reporting requirements,

expected changes in data requirements over time and network specific reporting requirements – for example in relation to the Customer Service Incentive Scheme which is network specific and requires reconsideration every reset cycle.

Public data should be readily accessible for stakeholders

We strongly support development of a transparent, public information database accessible for all stakeholders to easily access and analyse the available data. In cases where RIN data is being used by the AER to inform regulatory decision making across networks, this data should be available for all networks to engage with, understand and use to analyse against their own datasets.

Networks spend significant effort to compile, review and audit the data and the resulting information could be further utilised. This data has significant value to all energy industry stakeholders, and it is imperative for the AER to make it readily accessible. This transparency should be prioritised over information exchange systems should the need to prioritise arise.

RIN data provides an untapped opportunity for engagement and transparency, particularly in the context of significant transformation in the energy sector. The AER has an opportunity to leverage existing tools to begin to fill this gap, one such tool is Rosetta's Datamart. Using Rosetta provides the AER with alignment between an information exchange and information sharing – both of which can be done from their platform. Further, it's a tool many in industry are already using to support their information requirements. Starting with an existing tool like Rosetta's Datamart and undertaking further development to meet the AER's needs will mean data transparency sooner for stakeholders.

Ideally, we foresee this transparent database enabling data querying and downloads at least by network, by data item (including all fields in the RINs) and by time. We would want analytical functions, including charting and analysis. For example the Australian Bureau of Statistics provide web interfaces to interact with their data: <https://www.abs.gov.au/statistics>. We would like to continue to engage with this review and the IT workstream to support its development.

Changes to information requests require time to implement

Any changes to data requirements will require time to implement within networks. To respond to these requests, we need to align our internal reporting processes and data collection with the requested data and have the tools to interact with the AER's potential information exchange system. It will be crucial that the IT workstream works closely with the Information Requirements review team to get the best outcomes.

Setting up integrated reporting for existing datasets which align with AER requests, and beginning to collect new data which may be required, can be a challenging and costly process depending on the nature of the data and our existing IT infrastructure. Our reporting teams have indicated they could need notice 2 years ahead of time to adequately prepare and support new information exchange requirements.

Were the AER to use a technology which is already in use by networks for their information requirements, such as Rosetta, the time needed and cost impact to implement will be significantly lower. Even so, transition to a new instrument in 2022-23 is likely to be challenging and would not appear to allow enough time for collaborative development of requirements and alignment with reporting and IT systems.

Ongoing collaboration is required

We have also completed an initial review of the consultation workbooks and provide comments and questions for your consideration at Attachment 1. We understand the consultation workbooks are not the intended final form or content and our comments are not intended to be a comprehensive review. To meaningfully comment further we would need to engage with the detail of the intended request, including the layout, numbering, data identifiers and proposed definitions and use cases.

We reiterate our support of this review and look forward to continuing engagement with the AER as the review progresses.

Should you have any questions about our submission, please do not hesitate to contact Zahra Crocker at

[REDACTED]

Kind regards,

Megan Willcox

Head of Regulatory Performance and Analysis

CitiPower, Powercor and United Energy

Attachment 1: Workbook consultation feedback

Workbook	Tab	Heading	Feedback or clarification required
03 Network Metrics	Length	Length of High Voltage Distribution Feeders	Clarity is required, should it be current financial year (FY) data or 3-year average data which is used to calculated feeder categories?
03 Network Assets	Age	Average Asset Age	<p>It appears the headings for 'Average Asset Age' were taken from maintenance, but they are better aligned with the subcategories under 'Asset Age' and do not make sense from a reporting perspective in the existing groupings.</p> <p>If there is a use case for this data it would be better to develop a new column in 'Asset Age' for the data.</p>
04 Customer Numbers	Customer By Feeder	Customer Numbers By Feeder	Clarity is required, asking for customer numbers at the end of June which is different to Annual RIN 3.6.8 and 6.2 which is Average Customer Numbers for reporting period. Which is required?
04 Customer Numbers	Customer By Feeder	Customer Numbers By Feeder	If these numbers are going to be used to calculate SAIDI/SAIFI/MAIFI values there needs consistency with the STPIS Guideline (Average Customer).
04 Customer Numbers	Customer By Feeder	Customer Numbers By Feeder	We would need to develop new reporting to extract whether customers are metered or unmetered. This will require a lead time to design, test and implement. We are unsure of the use case for this data.
05 Service Performance	Interruptions	Multiple	<p>Clarification questions:</p> <p>Are the AER proposing that this data will be used in the calculation of the annual STPIS performance?</p> <p>Are the AER planning on doing their own calculations for SAIDI/SAIFI/MAIFI?</p> <p>Data is similar to Category RIN 6.3. Is there a new requirement to supply momentary outage data by event?</p> <p>There is no requirement to flag events on major event days, how are the AER going to determine these and what is the relationship to '02 Operational Outputs – Major event related expenditure'?</p> <p>How are we going to communicate other exclusions as per Annual RIN 6.8?</p> <p>Existing AN RIN 6.2 provides a summary of performance with and without exclusions. Is this intended to be removed?</p>

05 Service Performance	Other Service Measures	Multiple	<p>Clarifications required:</p> <p>Guaranteed Service Levels Scheme: would we populate this section with Essential Services Commission as scheme administrator and specify which version of the Distribution Code we are using?</p> <p>Guaranteed Service Levels Scheme: Annual RIN 6.9 requires numbers and \$, is it intended that it will only be numbers in future?</p> <p>Is 'energy not supplied' (Annual RIN 3.6.8) still required?</p>
05 Service Performance	Interruptions		<p>Our reliability reports would need to be redeveloped to accommodate this new requirement. This will require a lead time to design, test and implement.</p>
03 Network Metrics	Staffing and terrain	Defects	<p>The defect rate of a span or the expected total number of defects over a certain period of time, whilst is important for cost and resource estimates relating to our maintenance program, it may add no real value to the AER. The results are always insignificant.</p> <p>The use case for this data is unclear and we suggest removing this metric from the information requirements.</p>
08 Asset base values			<p>The Regulated Asset Base (RAB) values disaggregation by Alternative Control Services (ACS), Standard Control Services (SCS) and network services and by kv rating in the existing Benchmarking RIN is currently heavily estimated. Significant audit time is spent reviewing the estimation methods, even though only a limited subset of the data is utilised by the AER. In this case the cost of audit compared with the value to the AER does not align and costs could be saved for consumers by lowering or removing the audit standard.</p>
General feedback on pricing			<p>Currently financial inputs required for the annual pricing proposals are sourced from various areas of the RINs, and some of the information is reported in more than one place. While we generally support grouping of 'like' data, we would suggest a single tab which consolidates financial inputs for the annual pricing proposals.</p>
General feedback on reconciliation			<p>If the AER expects different parts of the RIN to reconcile, we suggest a compliance sheet is used which checks that these parts reconcile. As an example, a lot of financial information is reported in the 'Income tab' of the annual RIN, but the same information is reported in various other places in the RINs. This clarity will assist us to better meet the AERs needs.</p>

General feedback on finance areas			<p>Labour for opex and capex: We are unable to provide the labour expenditure required for each opex and capex separately, to split it by the type of employee, for only SCS, would be an extremely significant estimate.</p> <p>Furthermore, the section for network labour (electrical worker etc.) does not specify whether it is for internal labour or external (the current RIN only asks for internal labour so we don't provide it). If it is for external labour, it is not pragmatic to provide the data.</p> <p>Clarity and use case for this data would assist.</p>
General feedback on finance areas			<p>RIT and contingent project expenditure: We do not have clarity on what would fall under these categories or their use cases. We would need time to determine if we could provide it and develop appropriate reporting when we do.</p> <p>Capex by asset class – immediate expensing of capex: There is a significant lag in our tax returns so the information in the workbook is not available. We would have to report information relating to the prior year or provide an estimate. We currently don't provide any data on this for to these reasons.</p>
General feedback on network data	07 Capital Expenditure	SCS	<p>While we generally support grouping of 'like' data in some cases it can be counterproductive.</p> <p>Taking the current 2.2 REPEX template in RIN CA as an example, where previously the information (expenditure, volumes and network metrics) was captured in one (1) location. Under the consultation workbooks that information is now disseminated across three (3) locations.</p>
General feedback on 'Annual RIN - Schedule 1'			<p>We understand that Annual RIN – Schedule 1 was not included as this level of data is yet to be considered. This reporting is necessary for DMIA and DMIS.</p> <p>It is important this is included in the consolidated instrument and is not treated separately. Separating these requirements would undermine the benefits of consolidation.</p>
02 Operational Outputs	Proposed new data collection	Safety related activity	<p>It is unclear what response is intended here and there is not sufficient definitional clarity to meaningfully address.</p> <p>'Safety related activity' is broad and could cross into the remit of other regulators (such as ESV in Victoria).</p> <p>Clarity and purpose of this proposed new section is required to comment further.</p>
02 Operational Outputs	Proposed new data collection	Major event related activity	<p>It is unclear what response is intended here and there is not sufficient definitional clarity to meaningfully address.</p> <p>'Major event related activity' is very broad, it doesn't align with existing understood terminology (like major event days), and it is unclear what the intended use case is.</p> <p>Clarity and purpose of this proposed new section is required to comment further.</p>