6 May 2022

Dr Kris Funston
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Australian Energy Regulator
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Dear Kris

**Submission on the Network Information Requirements Review**

Essential Energy welcomes the Australian Energy Regulator's (AER's) review of Network Information Requirements and appreciates the opportunity to provide a submission on this important topic. We agree that quality of information is critical to the AER's ability to effectively carry out its regulatory role and ultimately provide the best outcomes for consumers. Moreover, we agree that achieving efficiencies in information reporting is important, as the provision of Regulatory Information Notice (RIN) data places a substantial resource and cost commitment on network businesses.

Ensuring the data collected is relevant and meaningful is also a key consideration, given the rapid pace of change occurring in the energy sector. The provision of clear definitions and explanations will be fundamental to achieving consistency and quality of information. We have set out below our feedback on a number of the topics raised in the discussion paper, and provide some commentary on the consultation workbooks in **Attachment 1**. Essential Energy is supportive of the joint industry submission from Energy Networks Australia (ENA) in response to the discussion paper.

## New regulatory information instrument

The preliminary view of the AER, to move away from RINs that are tailored to each business's individual circumstances and instead utilise regulatory information orders (RIOs) to specify future annual information obligations of businesses, is supported by Essential Energy. This will help ensure transparency and consistency of data between businesses and facilitate more meaningful analysis. It may mean however that there is greater use of estimated data as it may not be possible for every business to have actual data available in the format required. We agree that it will be important to ensure that any jurisdictional differences are factored into information requirements.

## Data requirements

Collecting data by data type instead of RIN type represents a sensible step forward and is a more logical approach as it will prevent duplication and inconsistencies between datasets. Clear and concise definitions of data will be important to ensure that the risk of misinterpretation is minimised. It would also be helpful if data requests are accompanied by explanations as to what the data will be used for and what decisions it will inform.

The discussion paper notes that the existing dataset is included in the new data categories so that the AER's existing data is not devalued by breaking time series, which are used in regulatory reporting and decision-making. Essential Energy would like further clarification of this as it appears to contradict the proposal to remove redundant requirements. Furthermore, as part of this review we suggest that the AER should undertake a process whereby each type of data to be included is validated with

reference to how it assists in benchmarking/reviews/decision-making etc. – and this verification information is also shared with networks to improve understanding. That process would also ensure that irrelevant or unnecessary data is weeded out.

**Attachment 1** contains our specific feedback on the data presented in the consultation workbooks, as well as generic feedback on specific data currently supplied. Please note that this is initial feedback, and we look forward to working constructively with the AER toward final data requirements that are clearly defined, explained and consulted on.

## Other information requirements

We support the proposal by the AER to reduce the reporting burden of non-data information.  It is important that there is no overlap with jurisdictional reporting, for example reporting for safety/major events. For any non-data requirements, there should be clear definitions and explanatory documents available for the information to be provided. The main non data requirement which we consider to be important is the Basis of Preparation (BOP) as this provides details of data sources, methodologies and assumptions underlying the data supplied by a network business. The provision by the AER of a concise standardised template which could be used by all businesses would help streamline this process.

## Information assurance

Essential Energy supports continuing with independent audit assurance processes, however the level of assurance required for different types of information should be considered. Depending on whether the data is financial or non-financial, actual or estimated, what the AER will use if for - then different levels of audit assurance may be appropriate. This more tailored approach would ensure that auditing costs can be kept to an efficient level – auditing costs represent material amounts for network businesses and are passed on to consumers in network prices.

We consider that the purpose of providing a statutory declaration requirement could be reconsidered. We would suggest removing the statutory declaration requirement and replacing it with a requirement for the network information to be accompanied by a covering letter signed by the CEO, attesting that to the best of their knowledge, the information is accurate. This would align with the process for the annual ring-fencing report, which is also required to be submitted with an independent assurance report.

## Updating information requirements

The AER is proposing to do a comprehensive review of its information gathering every four years, with updates to information requirements as they arise between these periodic review cycles. When new information requirements are issued between the proposed four year review cycles, adequate consultation with businesses should be undertaken to help them understand why the data is required and whether it is the best way of achieving the outputs required by the AER.

Sufficient time should be given to businesses to source the data and to collate it into the format required. It will be important to minimise the number of additional information requests issued, given the extra resource and cost commitments this will impose on network businesses. Furthermore, any new data requirements should be on a prospective basis and not require back casting.

## Information exchange

Easier sharing of information with the AER would be welcomed by Essential Energy. The cost implications of any IT system changes for network businesses should be carefully considered and consulted on with stakeholders and customers. Essential Energy uses the Rosetta RIN portal, as do some other network businesses (any changes in data format will also need to be reflected in that portal further increasing costs for customers). We understand that the export of data from this system directly to the AER should be straightforward.

A central repository of data held by the AER, containing the most recent version of data submitted, which can be easily downloaded into an Excel format would be of great benefit to data users and Essential Energy would welcome the prioritisation of this development. Information security issues would also be a very important consideration, in particular, compliance with critical infrastructure legislation requirements.

If you have any queries in relation to this submission, please contact our Network Regulation Manager, Mary-Clare Crowley on ████████████████████████████

Yours sincerely

Chantelle Bramley
**Executive General Manager Corporate Affairs**

# Feedback on consultation workbooks

| Category workbook | Item | Changes | Comment/Query |
|---|---|---|---|
| Data Category 02 Operational outputs | Proposed new data collections | New information required about numbers of safety incidents (impacting or likely to impact employees/contractors/public) and major events (natural disaster or other event significant impact on customers and NSP ability to provide services), and split into numbers of responsive and preventative activities undertaken. | There are no limitations or context provided in the definitions. In NSW we currently report major events to IPART (>5k customers impacted for >4hrs) The description is very broad. Potential duplication with IPART. Likely to require significant resources and system change to collate the activity information. We would appreciate more detail on how this information will be used by the AER. |
| | Demand | Allows for zone substation details for up to 200 substations | Essential Energy has 330 substations, will this be expanded, or will there be some cut-off level provided? |
| Data Category 03 Network metrics | Age | Estimated Residual Service Life | Suggest that the current estimated residual asset lives is arbitrary. |
| | | Asset lives | The current categories used are inconsistent with the RFM – suggest that the AER look for consistency in this. |
| | Staffing and terrain | Staffing levels | The current collection of this data is extremely burdensome and subjective in terms of categories – We would appreciate more detail on how this information will be used by the AER. |
| | | Terrain | Given that there are no OEF's for terrain and no indication the AER is looking to include. We would appreciate more detail on how this information will be used by the AER. |
| Data Category 04 Customer numbers | Customers receiving Energy | Customer Numbers by Feeder Type - This replaces 3.4.2.2 which is an average of the start customer numbers and end customer numbers of the FY with unmetered proportioned over. | Will the customers be an average same as current definition with unmetered added? SAIDI/SAIFI is currently calculated on average customer base with no unmetered added. |
| | Customers by feeder | This replaces AR3.6.8 & 6.2.4 – 3.6.8 is the customers by feeder at the end of the FY. 6.2.4 is also an average of start customers and end customers for the FY – no addition of unmetered customers. | Will the customers be same as current definition – as at end of FY? |

| Category workbook | Item | Changes | Comment/Query |
|---|---|---|---|
| | *Customers - Other* | New customer numbers required for:<br>• Meter provision by retailer/other, and DNSP<br>• DER – customers with solar/battery/EV/other DER, customers on premium feed-in tariffs<br>• Unmetered customers – by resi/ non-resi LV/ non-resi HV | Significant work will be required to provide this data. We would appreciate more detail on how this information will be used by the AER so other potential options could be developed to meet the AER's needs.<br>No definitions for this new information |
| Data Category 05 Service Performance | *Interruptions* | CA6.3.1 currently doesn't cross-reference AR 3.6.8, nor EB 3.6.1, nor AR 3.6.9 – it does cross-reference AR 6.2.1 & 2.<br>The current 6.3.1 has customers affected, but average duration, and added SAIDI/SAIFI (calculated on feeder category customer average); and added MED flag.<br>Momentary interruptions aren't included currently<br>Don't currently capture SAIFI/SAIDI on planned interruptions. | Will the duration be an average - same as current definition?<br>How will this replace the other tables which currently don't cross-reference?<br>How will MED be flagged – should it also be included in Column J (similar to STPIS exclusions)?<br>We don't currently capture momentary interruptions, or SAIFI/SAIDI on planned outages, so would appreciate more detail on how this information will be used by the AER. |
| | *Call Centre* | How does the CSIS transition happen for each business? | If Call Centre metric no longer applicable under STPIS, is this tab removed -or just left blank?<br>Does each DNSP need a new tab for their own CSIS metrics, which will be measured on different basis? |
| | *Other service measures* | Vegetation grow-ins<br>Vegetation blow-ins and fall-ins | Guidance is required on how to determine who is responsible – especially blow-in. |
| | | Fire starts - unplanned vegetation events | This will require information on asset failures from multiple sources compared to what is currently provided which will come at an increased cost. We would appreciate more detail on how this information will be used by the AER. |
| | | Instances where GSL not met | Evidence of GSL administrator and scheme provided in row 42<br>If GSL covered under another jurisdiction Essential is not clear on the need to report exceedances to AER. |
| Data Category 06 Operating expenditure | *New data collections* | Total opex – 2014 CAM basis | It is not feasible to supply this information as we have new systems in place. Even if it were possible to obtain, there would be significant resources/costs involved, without any demonstrable benefit |

| Category workbook | Item | Changes | Comment/Query |
|---|---|---|---|
| Data Category 08 Asset base values | | Inclusion of Indicative RAB and TAB information. | Can more detail be provided on how to calculate this. A worked example would be useful. |
| | | Capex Timing Adjustment | Can this be further explained |
| | | Final Year adjustment | Should this just be included in the last year of the regulatory period? |
| Other | AR workbook | Explanations of material differences for opex and capex ( 8.4.3 and 8.2.2) | This has been omitted but it is the only place to provide reasons for material differences – will the AER rely on auditors being satisfied with variances? |
| | | Avoided TUOS payments (7.8.1) | This has been omitted, but suggest that this is required somewhere – needed by AER to review the under/overs adjustment calculations. |
| | New Opex and Capex workbooks | Network and corporate overheads expenditure (2.10A) | Note indicates that negotiated services and unregulated services are excluded. Suggest that this information will be required somewhere in order to ensure that the total overheads are reported/balanced to. |