

28 January 2011

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via email: [aer inquiry@aer.gov.au](mailto:aer inquiry@aer.gov.au)

Dear Warwick,

**Discussion paper: Objectives and priorities of electricity NSP performance reports**

This submission is in response to the AER's *Discussion Paper: Objectives and priorities of electricity NSP performance reports* published in December 2010.

**Providing for effective transition**

The publication of objectives and priorities for electricity distribution regulatory reporting commences a process of change for regulatory reporting for all DNSPs currently reporting against state-based information requirements. The AER currently reports on the Victorian DNSPs regulatory performance in accordance with the regulatory framework designed by the Essential Services Commission of Victoria (ESC) and the *Information Specifications (Service Performance) for Victorian Electricity Distributors*.

It is intended that for the 2011-15 regulatory period, an AER-developed set of information requirements is to apply to Victorian DNSPs' regulatory reporting. These have not yet been published and a timeframe for developing them not decided. In the absence of new AER information requirements, SP AusNet will continue to annually report against the ESC's Information Specification.

The AER is now seeking to issue a single set of objectives and priorities which will apply to both TNSPs and DNSPs as it is now responsible for publishing reports for both of these sectors under the National Electricity Law (NEL).

As part of this consultation process SP AusNet recommends the AER set out clear implementation timeframes and well-defined information requirements to allow businesses sufficient opportunity to make necessary preparations for new reporting arrangements. This would include committing to processes and timeframes for:

- developing DNSP annual information reporting guidelines in the form of a regulatory information order (RIO) and accompanying information reporting templates; and
- transitioning DNSPs to these new reporting arrangements.

This is essential to facilitate a successful transition to a national reporting framework.

### **Broader objectives and priorities**

A number of the proposed objectives and priorities are new or widen the intent and scope of information to be reported in electricity distribution regulatory reports, including more detailed benchmarking. These will necessitate the development of appropriate information requirement and an appropriate benchmarking approach to allow for the collection of accurate and meaningful information.

While benchmarking is clearly a new priority for regulatory reporting, it would be preferable to have a benchmarking approach finalised which would clearly establish consistent performance measures and information specifications across the NEM jurisdictions to ensure benchmarking information is consistent and useful. This would ensure this information is appropriate for use in future distribution determinations and for making comparisons across different jurisdictions.

Changes to information requirement should be fully assessed as to their necessity, appropriateness and their net benefit to the market before being adopted. If priorities differ between transmission and distribution reporting it may necessitate different processes for developing information requirements for these sectors.

### **Demand management reporting**

The AER's Demand Management Incentive Scheme is a new priority that requires annual reporting. To streamline reporting obligations and processes, it may be efficient to combine the annual reporting required under this scheme with the broader annual regulatory reporting. Should this approach be taken, the processes and form of demand management information will need to be addressed in any new AER information requirements for DNSPs.

It is recommended that the AER consider and address the issues identified in this submission to ensure that the distribution reporting regime is appropriately designed.

We would be pleased to respond to any queries that you may have, and look forward to participating constructively in the next stage of the AER's review.

Yours Sincerely



**Alistair Parker**  
**DIRECTOR REGULATION AND NETWORK STRATEGY**

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