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Friday, 6 May 2022

Dr Kris Funston
Executive General Manager, Networks Regulation
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Email: networksinformation@aer.gov.au

Dear Dr Funston

Discussion Paper – Network Information Requirements Review

Thank you for the opportunity to respond to the AER's Discussion paper on the Network Information Requirements Review (Discussion Paper), published on 23 March 2022¹ and to contribute to the review process.

We support the AER's review of its annual Regulatory Information Notices (RINs) to:

- improve efficiency by consolidating RINs and streamlining the overall process
- ensure information requests remain fit for purpose in light of the significant changes in Australia's energy system. The efficient creation, collection and use of data is fundamental to managing complexity arising from the energy transition, and
- improve information sharing so as to increase transparency on costs, revenues and performance outcomes. This will promote stakeholder participation in future regulatory processes and decision making.

We endorse the ENA's submission, which sets out responses on the questions raised in the AER's Discussion Paper and highlight the following matters:

¹ AER, [Network Information Requirements Review - Discussion Paper](#), March 2022.

1. *Consolidating annual RINs* – the ENA’s submission supports consolidating the AER’s existing RINs into a standard Regulatory Information Order (RIO) for Transmission Network Service Providers (TNSPs). Like other TNSPs, we currently complete four separate RINs annually:²

- Regulatory Accounts
- Economic Benchmarking (EB) RIN
- Category Analysis (CA) RIN
- Energy Infrastructure Credit Spread Index (EICSI) RIN.

We encourage the AER to consolidate these into a single RIO for all TNSPs to reduce administrative complexity and improve overall efficiency. We consider any future amendments to information collection should be reflected in the RIO.

2. *Data requirements* – We support the work undertaken by the AER to remove duplication between its existing RINs by refocusing information collection by data category rather than RIN type and minimise non-data reporting. We support ENA’s submission, which encourages the AER to:

- further simplify its RINs by removing duplication
- ensure consistency in concepts and definitions within and across data categories to improve the consistency and quality of reporting, and
- limit data collection to that which is necessary to inform its decision-making to ensure that the regulatory reporting costs borne by customers are reasonable and efficient.

Attachment A contains our feedback on the AER’s consultation workbooks, published alongside its Discussion Paper. These contain the AER’s draft data requirements for stakeholder feedback.

3. *Assurance* – We support the information assurance process, however we endorse the ENA’s submission about improving existing process to reduce regulatory burden. This may involve:

- expanding the current auditor Review Report requirements to cover all data points, eliminating the need for Audit Reports (reasonable assurance) over ‘Actual Financial Information’
- aligning the level of assurance with the use of data. For example, amending the current requirements to only mandate Audit Reports for a core set of financial information and allowing auditor Review Reports over the remainder of the data, and
- removing the statutory declaration requirement as this duplicates the management representation letter required under the independent audit and/or review process.³

4. *Information exchange* – We support the AER’s proposal to adopt a collaborative approach to designing its new information exchange portal, systems and processes. This will ensure that differences in NSPs’ existing IT platforms, systems and capabilities are understood and can be accommodated to minimise costs arising from the new exchange portal, systems and processes. We endorse the ENA’s submission, which considers that the new system should eliminate the need for actual, estimated and consolidated versions of data workbooks. We also encourage the AER to ensure that the new portal is:

- hosted and supported in Australia to comply with NSP license conditions

² Our Regulatory Accounts, EB and CA RIN responses are due to the AER by 31 October annually and our EICSI response is due to the AER by mid-September.

³ The management representation letter, provided to the auditors as part of the independent audit or review process, includes all the clauses in the statutory declaration as well as fraud and error declarations.

- consistent with the new Australian and NSW cyber security requirements, and
- consistent with our software licencing requirements.

Closing

We welcome the opportunity to discuss our submission with the AER and look forward to participating in workshops to further discuss data requirements and data exchange processes and IT platforms. If you have any questions on this letter, please contact Sarah Lim on [REDACTED] or [REDACTED]

Yours sincerely

[REDACTED]

Stephanie McDougall
Head of Regulation

Attachment A: AER Consultation Workbooks

Our feedback on the AER's consultation workbooks is:

Duplication - We encourage the AER to remove duplication between aggregated and disaggregated data. We note that the information (aggregated) on network maintenance activities in rows 228 to 248 of the Other outputs tab of the Data category 02 Operational outputs Transmission Consultation Workbook is already captured by aggregating asset inspections data in cells K7 to K199.

Definition clarity – We encourage the AER to provide clear definitions to ensure consistency in reporting between NSPs. We note that in relation to:

- Safety and Major event related activities⁴ - given that these activities are newly requested data, further details on would be helpful to clarify the nature and scope of these activities.
- Asset inspection definition⁵ - this is currently defined as '*the act of assessing an asset to determine any defects or necessary maintenance*'. This provides for a broad interpretation given that there are various levels of asset inspection for transmission lines, including climbing inspection to collect condition data and an aerial inspection. We currently report asset inspections in our RINs and Basis of Preparation as the quantity of structures inspected during climbing inspections. Other NSPs may report on a different basis. Further clarification would be helpful to promote consistency in reporting.
- Economic life⁶ - to enable more accurate reporting of economic life that reflects the technology type, we propose splitting protection assets into the following three technology types which each have different economic lives (i) microprocessor (ii) electromechanical and (iii) solid state.
- Standard vehicle access⁷ - this is currently defined as 'Distribution route Line Length that does not have Standard Vehicle Access. An area with no Standard Vehicle Access would not be accessible by a two wheel drive vehicle'. This is appropriate for DNSPs but not TNSPs as we maintain a four wheel drive vehicle access to all transmission line structures. We encourage the AER to recognise differences between DNSPs and TNSPs in all definitions as appropriate.

⁴ in Consultation Workbook – Transmission – Data category 02 Operational outputs

⁵ in Consultation Workbook – Transmission – Data category 02 Operational outputs

⁶ in Consultation Workbook – Transmission – Data category 03 Network metrics

⁷ in Consultation Workbook – Transmission – Data category 03 Network metrics