



INFORMATION

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Including distribution network resilience in the national electricity rules

We are seeking feedback on a rule change request to include distribution network resilience in the NER

The Australian Energy Market Commission (AEMC) published a consultation paper on 3 October 2024 in response to a rule change request from the Honourable Lily D'Ambrosio MP, Victorian Minister for Energy and Resources. The rule change request seeks to improve how distribution network resilience is accounted for in the economic regulatory framework by including distribution network resilience in the National Electricity Rules (NER).

The proponent considers distribution network service providers' (DNSPs') ability to prepare for, manage during, and recover from severe events are impacted by:

- the lack of a formal framework for distribution network resilience creates regulatory uncertainty for DNSPs and the Australian Energy Regulator (AER) around how to efficiently spend on network resilience for long-duration outages
- climate change and other hazards are expected to increase the frequency of long-duration outages
- current regulatory arrangements place insufficient focus on consumer outcomes for long-duration outages.

This may result in consumers bearing the costs and risks of long-duration outages.

We are seeking stakeholder submissions on the consultation paper by **7 November 2024**.

The proposal would include resilience as expenditure factors in the NER and require the AER to develop guidelines

The rule change request proposes to introduce a formal framework for distribution network resilience expenditure by:

- including resilience expenditure factors for DNSPs in the NER, and
- requiring that the AER develops and publishes distribution network resilience guidelines.

The Victorian Minister considers that the proposal to introduce a formal framework for distribution network resilience expenditure may benefit DNSPs and consumers:

- DNSPs may benefit through greater clarity and predictability over how distribution network resilience expenditure would be assessed by the AER
- Consumers may benefit from:
 - improved distribution network resilience, which may reduce the frequency or duration of outages and costs consumers incur related to long-duration outages
 - the lowest cost approach being selected out of feasible options for expenditure before versus after a long-duration outage event.

There have been a number of recent severe weather events resulting in long-duration outages

Severe weather events in recent years have resulted in widespread long-duration outages in the National Electricity Market (NEM). Floods, bushfires and severe storms have impacted electricity networks, leaving thousands of customers without electricity supply for prolonged periods of time and consumers bearing the costs and risks of these events.

Climate change is expected to increase the frequency of severe weather events, increasing the likelihood of long-duration outages in future. Other hazards may also lead to

catastrophic events that result in long-duration outages. This has increased the focus on the resilience of electricity distribution networks to prepare for, manage during, and recover from, severe events that may result in long-duration outages.

There has also been a focus on whether the lack of a formal framework for electricity distribution network resilience creates regulatory uncertainty for DNSPs and the AER around how to efficiently spend on network resilience for long-duration outages.

The Victorian Government established two expert public reviews into electricity distribution network resilience for long-duration outages in the last three years.

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