

7 November 2024

Andrew Pirie
Project Leader
Australian Energy Market Commission
Submitted online

Dear Mr Pirie,

**Re: Including distribution network resilience in the National Electricity Rules
Consultation Paper**

TasNetworks appreciates the opportunity to provide its feedback to the Australian Energy Market Commission's (AEMC) Consultation Paper on including distribution network resilience in the National Electricity Rules (NER).

As both the Transmission and Distribution Network Service Provider (DNSP) in Tasmania, TasNetworks is acutely aware of the impact that extreme events such as severe weather has on the electricity network and our customers. Prolonged power outages driven by severe weather are likely to become more common due to climate change. The current framework and guidance provided on proposing resilience expenditure is limited compared to some other capital expenditure categories such as ICT. TasNetworks considers changes can be made to improve resilience investment in distribution networks that result in benefits to customers.

We support the Energy Networks Australia submission and make the following additional comments.

TasNetworks agrees with the rule change proponent that the lack of a formal framework for distribution network resilience is a barrier to good customer outcomes. With the rising incidence of severe weather, the regulatory framework needs to evolve to place a larger emphasis on expenditure to prevent and mitigate the impact of extreme events rather than a focus on expenditure to respond to and recover from events.

A more proactive approach to resilience expenditure can consider the significant costs that customers face when exposed to long duration outages. While the new Value of Network Resilience (VNR) will support the assessment of resilience expenditure, it has its own limitations and does not replace the need for comprehensive guidance. For example, one VNR applies across Tasmania. Customer preferences are likely to vary between urban and rural Tasmanian customers which the VNR does not currently capture.

DNSPs are well placed to identify projects that should be undertaken to improve network resilience due to their deep understanding of the local network, the customer impact of

extreme events and customer preferences. DNSPs can identify exactly what projects are needed to be undertaken to improve network resilience and customer outcomes (in terms of both prices and length/frequency of outages).

To assist DNSPs achieve positive customer and network outcomes, TasNetworks supports the rule change proposal for the Australian Energy Regulator (**AER**) to develop and publish distribution network resilience guidelines setting out resilience events, the AER's expectations on DNSPs level of customer engagements and the preferred methods, models and data that should be used to justify the need for expenditure.

TasNetworks considers that non-binding guidance will best achieve customer outcomes. Guidance on how the AER will assess distribution network resilience expenditure will improve clarity for DNSPs. However, we consider that binding guidelines are an unnecessary additional step. There must still be opportunity for individual circumstances and trade-offs to be considered during regulatory determinations and binding guidelines are likely to restrict the flexibility of both DNSPs and the AER to respond to unique circumstances.

Any additional reporting requirements should be incorporated into existing reporting such as the Regulatory Information Orders to avoid unnecessary regulatory burden.

If you have any questions in regard to this letter, please contact Sam Riewoldt, Senior Regulatory Analyst at [REDACTED]

Yours sincerely



Chris Noye
Leader Regulation