

Network reliability in a world of increasing climate change

Clare Savage, Chair, Australian Energy Regulator

September 2026



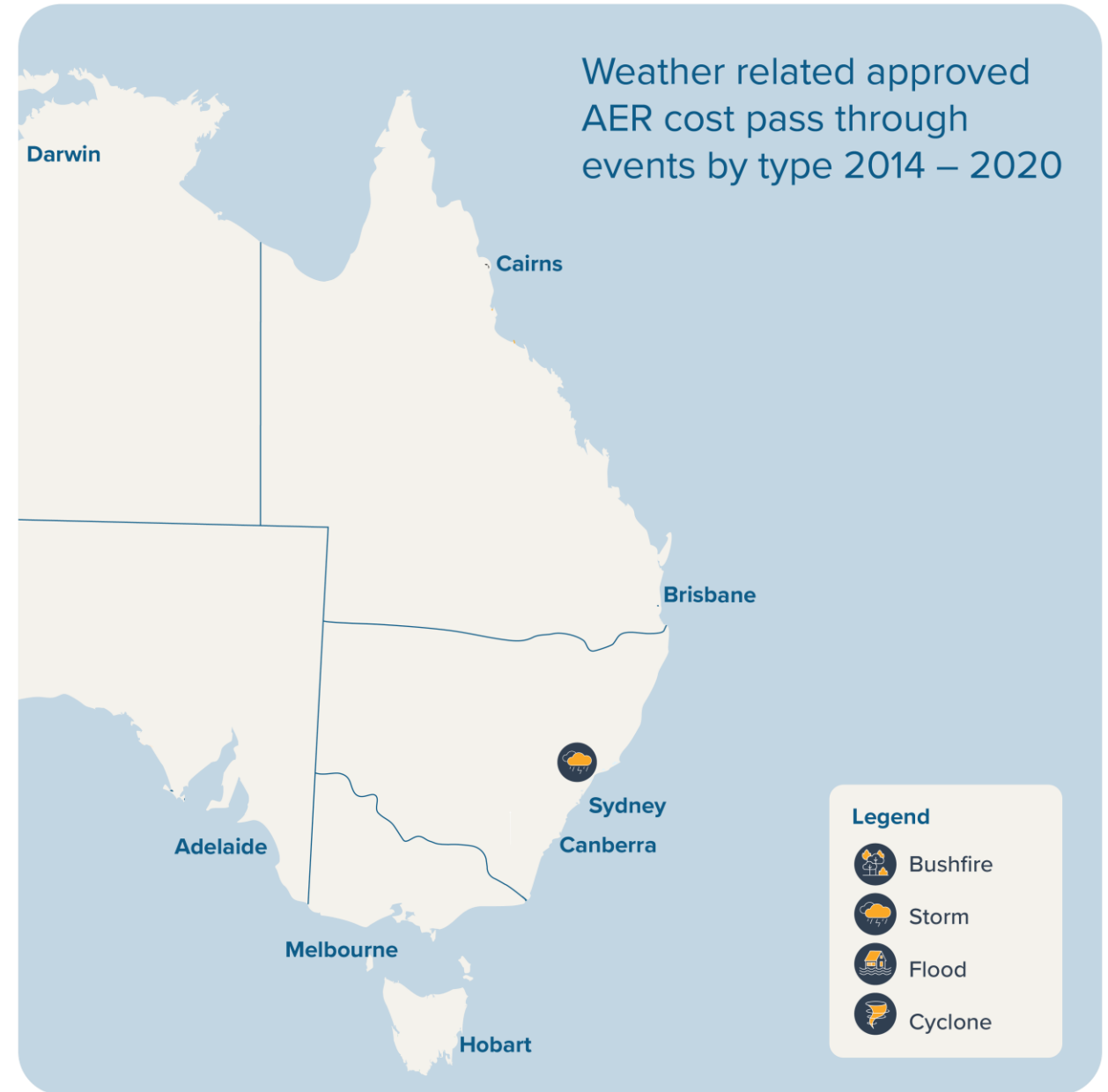
The National Energy Market's exposure to weather events has changed significantly

From 2014 to 2020, there was only a single cost pass through event that was caused by storms near Sydney, New South Wales, totaling \$43m (AUD, nominal)



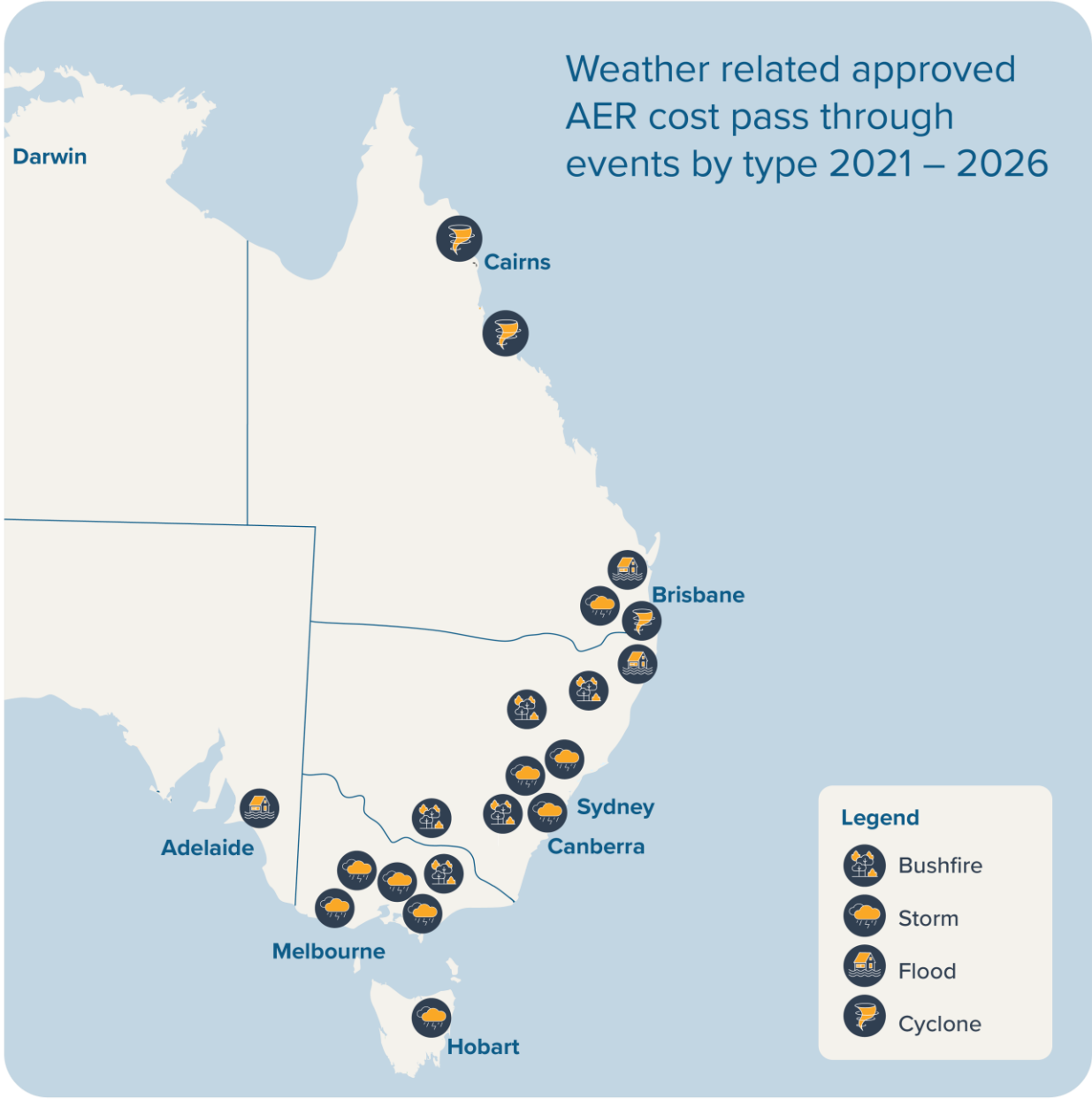
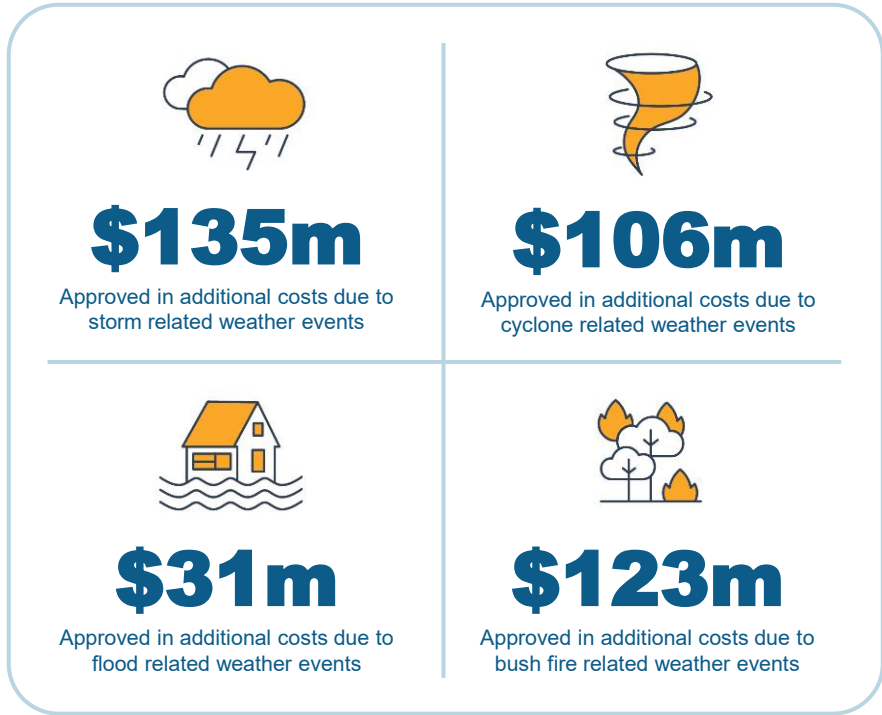
\$43m

Approved in additional costs due to storm related weather events



The National Energy Market's exposure to weather events has changed significantly

Since 2021 there have been 19 cost pass through events approved across a variety of weather-related incidents in all National Energy Market states, totaling additional costs of \$396 million (AUD, nominal)



**Note: One cost pass through decision in Financial Year 2022 was made for two bush fire related events in Northern New South Wales and Southern New South Wales. This has been represented as two separate events in the above image*

Responding to the resilience challenge

Reforms in Australia have progressed in recent years to recognise the importance of explicitly defining resilience and establishing requirements for network providers to factor resilience into their expenditure plans.



The **Value of Customer Reliability (VCR)** and the **Value of Network Resilience (VNR)** used to assess the value customers place on avoiding outages.



2025 Rule amendments to explicitly recognise distribution network resilience.



AER developing Network Resilience Guidance following rule changes.



State based reforms in Victoria to introduce a requirement for Victorian Distribution Networks to create five-year network resilience plans.

