



20 September 2023

Hon. Murray Watt
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Dera Minister Watt

Ausgrid response re Alternative Commonwealth Capabilities for Crisis Response

Ausgrid is pleased to provide this submission to the Department of Home Affairs (**Department**) in response to its *Discussion Paper: Alternative Commonwealth Capabilities for Crisis Response (Discussion Paper)*.

Ausgrid operates a shared electricity network that powers the homes and businesses of more than 4 million Australians living and working in an area that covers over 22,000 square kilometres from the Sydney CBD to the Upper Hunter. Our submission focuses on the Discussion Paper questions that deal with the critical functions the Commonwealth Government should continue to perform and the role of the private sector.

What are the critical functions the Commonwealth Government should continue to perform in disaster relief and recovery?

Responding to extreme weather events, by clearing hazards and restoring power, is a critical service we provide to our customers. Due to climate change these events are growing in severity, with storms in recent years resulting in up to 150,000 of our customers losing power, in some cases for up to 10-12 days. Our ability to respond to such situations, without Australian Defence Force (**ADF**) assistance, can be materially impacted by the level of regulated funding the Australian Energy Regulator (**AER**) sets for our business. Without adequate funding from the AER, there is a risk the ADF may need to play a bigger role in the future.

Mutual aid arrangements with other electricity network operators can help our business respond to extreme events by providing additional personnel. These arrangements may be put under pressure as climate change leads to prolonged, widespread events that impact multiple electricity network at the same time. In such a scenario the ADF e may be called upon to provide additional support as a last resort to protect the community while hazards are cleared.

What role could industry / the private sector play?

Preparatory investments, particularly from owners of critical infrastructure like Ausgrid, are widely seen as the most cost efficient and effective way at mitigating harm to the community from natural disasters. Analysis in the USA from the National Institute of Building Sciences estimates that every \$1 invested in natural disaster mitigation can save up to \$13 in response

and recovery costs,¹ yet the Productivity Commission has found that 97% of Australian disaster funding is spent on response and recovery.²

Our customers have told us they expect Ausgrid to be investing more in climate resilience, both preparing the grid for more extreme weather and supporting communities pre, during and post events. We have developed a targeted set of preparatory investments for the next five years, the funding of which is subject to AER approval in April 2024. We encourage the Department to engage with the AER on resilience plans in the context of this consultation.

How can the Government attract increased investment from the private sector?

There may be opportunities to use existing funding pools to attract private sector investment. The 2023-24 Commonwealth government budget already commits \$23bn to growing and modernising Australia's electricity grid. Preparatory investments that build climate resilience in existing electricity infrastructure owned and operated by the private sector could be co-funded via this existing pool of funds. Funding opportunities that support the private sector undertaking outreach programs that build community resilience should also be explored.

[Redacted]

Regards,

[Redacted]

Alex McPherson

A/g Group Executive Market Development & Strategy

¹ National Institute of Building Science, *Mitigation Saves*, 2020 ([link](#))

² Productivity Commission, *Natural Disaster Funding Arrangements*. December 2014 ([link](#))