

21 January 2016

Mr Chris Pattas
General Manager – Network Investment and Pricing
Australian Energy Regulator

By email: AERinquiry@ aer.gov.au



Your Ref: D15/177932

Dear Mr Anderson

Ergon Energy application for ring-fencing waiver

The Public Interest Advocacy Centre (PIAC) thanks the Australian Energy Regulator (AER) for the opportunity to provide comment on its *Draft Decision: Ergon Energy application for waiver from Queensland Ring Fencing Guideline* (the Draft Decision). Ergon Energy has requested an exemption from the relevant requirements in relation to 20 Grid Utility Storage System (GUSS) units that are proposed for one Single Wire Earth Return (SWER) line.

The Draft Decision outlines the AER's reasons for provisionally granting Ergon's request. The AER's draft decision is that this approval be temporary, only being in place until 12 months after the AER publishes its new National Ring Fencing Guidelines, due in December 2016 (or such other time as specified in those Guidelines). The approval is also conditional on Ergon not 'selling' energy and is limited to the 20 proposed GUSS units.¹

In its submission in response to Ergon's initial application, PIAC opposed the granting of a waiver. PIAC's position remains that the long-term interest of consumers is best served by the complete exclusion of network businesses from the ownership of battery storage technology, even through ring-fenced subsidiaries. PIAC's reasons for taking this position were outlined in its initial submission to the AER on this issue.² Accordingly, PIAC does not support the AER's Draft Decision and recommends that the AER make a final decision to decline the application.

Recommendation

PIAC recommends that the AER reject Ergon Energy's application for a ring-fencing waiver.

Once again, PIAC thanks the AER for the opportunity to provide comment Ergon's application for a ring-fencing waiver. If you require any further information, please do not hesitate to contact Oliver.

Yours sincerely

A handwritten signature in black ink, appearing to read "Deirdre Moor".

Deirdre Moor
Acting CEO
Public Interest Advocacy Centre
Direct phone: +61 2 8898 6507
E-mail: dmoor@piac.asn.au

A handwritten signature in black ink, appearing to read "Oliver Derum".

Oliver Derum
Policy Team Leader, EWCAP
Public Interest Advocacy Centre
Direct phone: +61 2 8898 6518
E-mail: oderum@piac.asn.au

¹ AER, *Draft Decision: Ergon Energy application for waiver from Queensland Ring Fencing Guideline*, December 2015, 3.

² *PIAC Ergon Energy application for ring-fencing waiver*, 7 December 2015. Available at:

² http://piac.asn.au/sites/default/files/publications/extras/15.12.07_submission_to_AER_re_aiver.pdf.