

Contact Officer: Laura Considine  
Contact Phone: [REDACTED]  
Email: [REDACTED]

17 April 2025

Mr Robert McKimm  
Head of Compliance  
Transgrid

Sent by email to: [REDACTED]

Dear Mr McKimm,

**Re: Transgrid – Telecommunications Waiver Application – single Customer contract**

Thank you for the application received on 2 April 2025 for a waiver from clause 3.1(b) of the Ring-fencing guideline (electricity transmission) version 5 (the guideline), to enable Transgrid to provide telecommunications services not associated with the transmission network to one customer.

**Transgrid's Proposal**

On 12 April 2024, the AER granted Transgrid a waiver to allow it to continue to provide telecommunication services (classified as 'other services') to six customers. This waiver was granted for a 12-month term to allow Transgrid to transfer the contracts for their six customers to another entity. Transgrid requested this waiver due to changes that came into effect as part of version 3 of the guideline, which expanded the scope of TNSPs' legal separation obligations to capture all non-electricity services.

The proposed waiver allows Transgrid to continue to provide telecommunication services not associated with the transmission network for one customer for an additional 12 months. This is because Transgrid has only been able to novate contracts of five of the six customers since 12 April 2024.

The waiver application is being sought to allow Transgrid additional time to work with the customer to either novate their existing contract with Transgrid to Lumea or advise the customer that they will need to seek an alternate provider of telecommunications services.

**AER Assessment and Decision**

The waiver would apply to clause 3.1(b) of the guideline.

Under the guideline clause 5.3.2, before granting a waiver the AER must have regard to the National Electricity Objective (NEO), the potential for a distribution network to engage in cross-subsidisation of services and whether the costs of compliance with the guideline outweigh the benefit to consumers of that compliance.

TNSPs are required to ring-fence the provision of 'other services' from their prescribed

transmission services to minimise the risk of using revenue from their prescribed transmission services to cross-subsidise the provision of other services.

We consider that the risks associated with granting this waiver are limited since it will provide a period of transition for a single customer. The benefit of this waiver is that it allows Transgrid additional time resolve matters with the customer without leaving that customer abruptly without a provider of telecommunications services.

The potential for cross-subsidisation or discrimination is low, as the value of the contract is modest and Transgrid no longer offers these services to new customers.

Given the low impact of this waiver decision, the AER has not consulted on this waiver application.

We have decided to grant a waiver from clause 3.1(b) of the guideline to allow Transgrid to provide telecommunications services not associated with the transmission network to one customer. We accept Transgrid's submission that there are no foreseeable impacts on competition in the telecommunications industry in terms of actual or potential discriminatory behaviour as a result of Transgrid continuing to provide 'other services' to one specific customer until 12 April 2026. We consider that the costs of compliance with the obligation, noting Transgrid is actively engaging in a process to transfer customers to its affiliate and therefore achieve compliance with the guideline, outweighs the benefits. The waiver is provided until 12 April 2026.

Transgrid will be required to comply with all other obligations in the guideline, including in relation to information access and disclosure obligations (clause 4.3).

While Transgrid will have been non-compliant with the guideline from 12 April until the date of this letter, the potential for harm as a result of this is low. We are not proposing to investigate this breach but if further information were to be obtained that would change our view, we may look into the matter again.

This notification is in line with section 28ZE of the National Electricity Law which states that:

*(1) If the AER is given information by any person in relation to a breach or a possible breach of this Law, the Regulations or the Rules by a person but—*

*(a) decides not to investigate that breach or possible breach...*

*the AER must notify that person of that decision in writing.*

Given that the AER has granted this waiver based on extenuating circumstances and permitting more time for this single customer to transition to alternative arrangements for the provision of these identified services. Our expectation is that these circumstances will be resolved promptly and there will be no further need for such a waiver in the future.

If you would like to discuss this matter further, or have any questions, please contact Laura Considine, Director New Markets & Innovation by email at [AERringfencing@ aer.gov.au](mailto:AERringfencing@ aer.gov.au) or on [REDACTED].

Yours sincerely,



Justin Oliver  
**Deputy Chair**