

Ergon Energy's Ring-Fencing Waiver Application - Mareeba and Charters Towers Offices

Queensland

NSEW Electrical opposes Ergon Energy's application to extend the conditions of its ring-fencing waiver to allow the provision of electrical services from its depots in Mareeba and Charters Towers.

"Ring-fencing refers to the separation of the regulated and competitive business activities of an electricity network service provider.

The purpose of this mechanism is to prevent regulated businesses from:

- favouring their own competitive activities to the disadvantage of other competitors operating in the market
- using revenue earned from regulated services to cross-subsidise their contestable services."¹
- 1 Australian Energy Regulator "Ring-fencing" *Australian Government* <Ring-fencing | Australian Energy Regulator (AER)>

Ring-fencing rules are designed to prevent monopoly network businesses from leveraging their regulated operations to gain an unfair advantage in competitive markets. This protects small businesses, such as independent electricians and contractors, from being outcompeted in the market. When a waiver to ring-fencing is granted in areas with a strong, competitive market and a reasonable availability of service providers, it can distort fair competition, resulting in lost opportunities for small businesses and reduced industry innovation.

Master Electricians Australia is concerned about Ergon Energy's application to extend its ring-fencing waiver parameters, which would allow it to provide additional electrical services from its depots in Mareeba and Charters Towers. Allowing Ergon Energy, a monopolised distributed network service provider, to participate in this work risks undermining fair competition and displacing SME electrical contractors in the Mareeba and Charter Towers areas. Private electrical work should be left to the private electrical industry, which is well-equipped to deliver these services in a timely, cost effective and efficient manner.

We acknowledge that in emergency situations, Ergon's geographic proximity in these areas may enable a faster response to make safe issues such as burnt main switches or damaged customer mains. However, any exemption should be strictly confined to urgent, make-safe repairs only that enable continued energy supply to the premises. Ergon's capacity in terms of training and available materials for broader customer-side work is limited, and any extension beyond emergency repairs would place them in direct competition with local contractors already facing rising operational costs.

A healthy level of competition exists in these regions, and protecting that market is essential to sustaining local businesses.

We look forward to the outcome of Ergon's application and encourage a decision that upholds fair competition and supports small businesses operating in rural and regional areas.

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06 May 2025