

[REDACTED]

30 June 2025

Alena Christmas  
**Manager Regulatory Affairs**  
Energy Queensland Limited

[REDACTED]

Dear Alena,

**Re: Ergon Energy Network's Ring-fencing Waiver Application - other services in isolated systems**

Thank you for the application received on 4 March 2025 for a waiver from the obligations in clauses 3.1(b) and 4.2 of the [Ring-fencing guideline \(Electricity distribution\)](#) (the guideline), to allow Ergon Energy Corporation Limited (Ergon Energy) to continue providing distribution and generation services in the isolated systems located in remote Queensland.

**Ergon Energy's proposal**

Ergon Energy is seeking a waiver to allow it to continue providing distribution and generation services in the isolated systems, to service non-NEM connected communities across regional Queensland. Ergon Energy owns and operates 33 isolated power stations that provide generation services, currently predominantly diesel-fired, which support 39 communities across far western Queensland, through the Cape and across 16 islands of the Torres Strait. Ergon Energy also has 35 stand-alone networks, not connected to the NEM, that provide distribution services.

These isolated systems, except Ergon Energy's 66 kV Mt Isa-Cloncurry distribution network, are not regulated by the AER under Chapter 6 of the NER. These services do not meet the definition of 'distribution services' and are therefore 'other services' for the purposes of the guideline. As such, a ring-fencing waiver is required for Ergon Energy to continue to provide these services and to continue to use Ergon Energy offices, staff and branding in doing so.

The existing waiver, granted in December 2017, will expire on 30 June 2025<sup>1</sup> and Ergon Energy has requested that this new waiver commence on 1 July 2025 – immediately after the expiration of the existing waiver. Ergon Energy has requested that the AER grant the waiver without a set expiry date on the condition that "Ergon Energy notify the AER upon any change in Queensland Government policy that would affect the waiver, such as a change in Queensland Government policy that the basis upon which services are provided in isolated systems are no longer determined by the Queensland Government".

**AER decision to grant an interim waiver**

The AER has decided to grant an interim waiver to Ergon Energy from clauses 3.1(b) and 4.2 of the guideline to enable Ergon Energy to continue its distribution and generation services in

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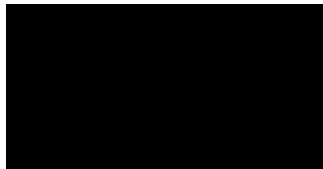
<sup>1</sup> AER, [Ergon Energy – Ring-fencing waiver – August 2017](#), December 2017.

the isolated systems, while the AER considers appropriate conditions for attaching to this waiver. The interim waiver will expire on 30 November 2025 to allow the AER time to make a final decision on this waiver application.

The AER publicly consulted on this application from 16 April 2025 to 12 May 2025. We received one submission, from the First Nations Clean Energy Network, which raised concerns about the potential for this waiver to form a barrier for third-party renewable generation providers to enter the market in isolated networks. Another stakeholder made direct contact with the AER on this waiver application and, while they did not submit a formal submission, shared concerns about challenges in connecting their renewable energy projects to Ergon Energy's isolated systems. For this reason, the AER is granting an interim waiver while we consider this waiver further, including on appropriate waiver conditions to provide assurance and support for third-parties seeking to connect their renewable generation projects to Ergon Energy's distribution network.

If you would like to discuss this matter further, or have any questions, please contact Laura Considine, Director, New Markets and Innovation, on [AERringfencing@ aer.gov.au](mailto:AERringfencing@ aer.gov.au) in the first instance.

Yours sincerely



Jarrod Ball  
AER Board Member

Sent by email on: 30 June 2025