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Ms Stephanie Jolly
Executive General Manager Consumers, Policy & Markets
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Dear Ms Jolly

Australian Energy Regulator's consultation on Ergon Energy's waiver application to provide other services in Queensland's Isolated Systems

Ergon Energy Corporation Limited (Ergon Energy) welcomes the opportunity to respond to the Australian Energy Regulator's (AER's) Consultation Paper on Ergon Energy's application to provide other services in Queensland's Isolated Systems.

Based on the consultation paper, we understand the AER's proposed conditions for a potential waiver for Ergon Energy are aimed at promoting the development of third-party renewable energy generators in the Isolated Systems.

We ask that the AER consider the unique regulatory context of Queensland's Isolated Systems, which has been carefully designed over a long period by the Queensland Government. For example, while the National Electricity Customer Framework applies in the Isolated Systems, Minimum Service Standards do not. Imposing new requirements on Ergon Energy in the Isolated Systems that mirror or exceed National Electricity Market (NEM) requirements—such as detailed reporting on connection disputes, denied requests, and service performance—adds cost and complexity.

We would also face practical issues in meeting some proposed conditions. While we already provide hosting capacity information for solar PV, doing so for other types of renewable energy is challenging due to the limitations of local energy input data. Publishing detailed network information for small Isolated Systems also risks breaching privacy laws, if this data can be linked to individual customers. In addition, Ergon Energy already publishes connection standards for the Isolated Systems, so imposing a condition to do so is not necessary.

We support the purpose of ring-fencing—to promote fair competition and prevent cross-subsidisation. However, in this case, we do not believe conditions on a waiver would be

beneficial. Adding them would create complexity and administrative burden without achieving the intended aim.

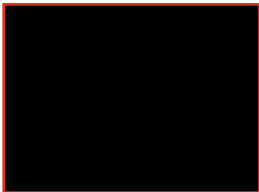
This is due to the following key differences between the Isolated Systems and the NEM:

- the AER does not economically regulate distribution services in the Isolated Systems (apart from the non-220kV supply network in the Mount Isa-Cloncurry area);
- generators operating in the Isolated Systems do not access the wholesale electricity market managed by the Australian Energy Market Operator; and
- Ergon Energy relies on high levels of subsidisation by the Queensland Government in the Isolated Systems to support the long-standing Uniform Tariff Policy for customers, making third party service provision a significant challenge (and this aspect is a matter for the Queensland Government).

In light of these considerations and existing mechanisms that protect customers in Isolated Systems, we believe the waiver can be granted on the same basis as the prior waiver from 2017, without additional requirements. Ergon Energy offers further comments on each of the proposed conditions in the enclosed document to support the AER's deliberations.

Should you require additional information or wish to discuss any aspect of this application, please do not hesitate to contact myself, or Andrew Bozin, Policy and Regulatory Reform Specialist, on [REDACTED]

Yours sincerely



Benn Barr
Executive General Manager Regulation, Risk and Strategy



Encl: Ergon Energy comments on proposed waiver conditions

#	Potential Condition	Ergon Energy comments
1	A requirement to publish technical and performance standards for third-party connection requests and connection request assessment timeframes, that aligns with, and are no more onerous, than those that would apply to Ergon Energy's network outside of the isolated networks. As part of this, Ergon Energy should publish the relevant parts of regulations/legislation that govern distributed energy resources (DER) connections in Ergon Energy's isolated networks.	Ergon Energy publishes Isolated Systems connection standards. They are currently under review (see Consultation of new connections standards for Isolated Networks Talking Energy) and will be re-published soon. The standards follow the same format and technical detail as other connection standards published by Ergon Energy. Connections in the Isolated Systems are already treated in the same way as main grid connections, with the same processes, assessment timeframes and assessment fees (see New connections Ergon Energy). However, the threshold for detailed technical assessment is lower in Isolated Systems due to the very small network size. With regard to applicable legislation and regulations, these is outlined in the connection standards (see section 3.2 at the draft Standard for LV EG Connections to Isolated Networks for the eleven relevant instruments) and aligned to the connection process, which is published on Ergon Energy's website.
2	A requirement to report to the AER details of any disputes in relation to connection requests, as part of Ergon Energy's Annual Compliance Report (ACR). The details should include, on a confidential basis where necessary, the name and contact information for the disputing party, a brief outline of the nature of the dispute, a statement of	The Queensland Government has applied the National Energy Customer Framework's connections and ongoing supply framework to the Isolated Systems, as follows: Section 16 of the National Energy Retail Law (Queensland) (NERLQ) applies the National Energy Retail Law and the National

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	whether the dispute has been resolved. And if not resolved, the actions proposed to resolve the dispute.	Energy Retail Rules (as modified for Queensland) to a distributor to the extent the distributor supplies electricity. • Section 2 of the NERLQ establishes that the meaning of distributor includes a nominated distributor to the extent provided by section 12. • Section 12 of the NERLQ then enables the jurisdiction to nominate an entity to provide customer connection services as a nominated distributor for the purpose of this Law. • Section 7 of the National Energy Retail Law (Queensland) Regulation 2014 - Queensland Legislation - Queensland Government establishes Ergon Energy as a nominated distributor for electricity for the parts of the distribution system operated by Ergon Energy that do not form part of the national grid. • Section 66 of the NERLQ provides that a distributor must provide connection services (new connections and ongoing supply). Furthermore, Ergon Energy has a positive obligation to provide dispute resolution processes for standard complaints and dispute resolution procedures for distributors (Part 4 of the NERLQ and Rule 82 of NERR Part 4: Relationship between distributors and customers). Energy Queensland's Complaints Management Policy P014 - 690407 also applies to Ergon Energy. Customers also have access to the Energy and Water Ombudsman Queensland (Rule 82 of NERR Part 4: Relationship between distributors and customers).
3	A requirement for Ergon Energy to include in its ACR information on any third-party connection requests	Ergon Energy has a positive obligation to provide customer connection services in Isolated Systems under Section 66 of the NERLQ, including

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	received for isolated networks, and the connection timeframes. This should include justification for denying a connection request or where an existing connection is modified.	requirements to comply with timeframes within which to make a connection offer. Under clause 3.7.3 of the Electricity Distribution Network Code (EDNC), Ergon Energy has timeframes for completion of service orders for various standard order types including new connections. The Queensland Competition Authority (QCA) monitors Ergon Energy's compliance with this obligation and Ergon Energy reports quarterly on its compliance, publishing the reports at Guaranteed Service Levels Ergon Energy (see Ergon Service Orders Report Q4 Apr-Jun 24-25 for the most recent quarterly report).
4	A requirement to include in the ACR the performance of Ergon Energy's electricity services to its customers in the isolated networks, including the frequency and duration of blackouts.	Ergon Energy notes that: - the Guaranteed Service Level (GSL) arrangement, including payments to customers related to interruption duration and interruption frequency, does apply through the QCA's EDNC; and - the Queensland Government has not applied a network reliability performance improvement scheme such as Minimum Service Standards to the Isolated Systems through Ergon Energy's Distribution Authority.
5	Improve network visibility for third-parties, to support targeting and planning of renewable energy projects in the isolated systems. These include requirements for Ergon Energy to: Publish, maintain and update to remain current a publicly available report on the Ergon Energy	Ergon Energy already provides visibility-related information, to the extent it is feasible and does not trigger information privacy concerns. Ergon Energy publicly provides managed and unmanaged solar PV hosting capacity for the Isolated Systems, and justification of why this is limited in certain locations, at Isolated networks solar capacity Ergon

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	website detailing the available hosting capacity for DER in each isolated network (expressed in kVA). This should include information on network demand and planning that may impact on available or future hosting capacity, such as where there are plans or investments being made for relieving or can impact on identified network constraints. When hosting capacity is limited or curtailed in isolated networks, Ergon Energy should make publicly available justification for these constraints – either by way of online publication or upon request.	Energy. This webpage is updated periodically when the hosting capacity available is taken up or is increased. Expanding this published capacity information to “all sources of renewable generation” is not feasible. Determining hosting capacity across various other renewable energy types requires considering a range of input energy factors. In the case of solar PV, solar irradiance is available at a detailed level across geographic locations, whereas localised input energy values for other renewable energy generation technologies are less clear. In terms of providing information on network demand and planning, this is available on request. Each request is considered on a case-by-case basis, to ensure the provision of this level of information for a small isolated system network cannot be linked back to individual customers, which creates privacy law compliance issues. It is important to note the Queensland Government has not applied distribution network economic regulation by the AER in the Isolated Systems. Therefore, National Electricity Rules requirements to address network constraints—such as the need to conduct and consult on regulatory investment tests where the dollar value of the solution options is above a threshold—are not relevant.