

Contact Officer: Laura Considine

Contact Phone: [REDACTED]

Email: [REDACTED]

12 December 2025

Mr Richard Sibly
Head of Regulation
SA Power Networks

Sent by email to: [REDACTED]

Dear Mr Sibly

Re: Application by SA Power Networks for an interim waiver from the Distribution Ring-fencing Guideline – Market Active Solar trial

Thank you for the application received on 7 November 2025 for an interim waiver from clause 4.2 (functional separation obligations) of the Ring-fencing Guideline (electricity distribution) (the guideline), to enable SA Power Networks (SAPN) to continue to conduct the Market Active Solar (MAS) trial until assessment of a long-term waiver is finalised.

SAPN's Proposal

SAPN applied for an interim waiver application to continue to conduct the MAS trial, in partnership with Engie, from 1 January 2026 to 31 December 2026 or until replaced by a new long-term waiver covering these services. SAPN has an existing 18-month waiver for the MAS trial, which was granted on 16 April 2024 and is due to expire on 31 December 2025.

SAPN is running this MAS trial with 100 Engie customers to test a new technical solution that enables interoperability between retailer control signals and SAPN's control systems. The trial tests an operational model where SAPN receives a retailer control signal and blends this signal with its own flexible export limit (FEL) curtailment signal to then publish on the customer's inverter. The conditions of the existing waiver require SAPN to report on trial learnings, customer enrolments and exits, customer consent arrangements, total monthly trial costs and details on elements that informed export capacity allocations.

The interim waiver is proposed to ensure that SAPN can continue servicing the existing MAS trial customers until such time as SAPN applies for, and the AER makes a decision with respect to, a long-term waiver. The interim waiver application notes that the operational model¹, approach and nature of the MAS trial would remain unchanged while the interim waiver is in place. It further notes that SAPN will continue to comply with other ring-fencing obligations under the guideline as outlined in the existing MAS trial waiver. These include compliance with cost allocation principles, information access and disclosure requirements and branding and cross promotion requirements ensuring clear separation between regulated and contestable services.

¹ SAPN MAS trial waiver application dated 2 Jan 2024, pg.3 Figure 1, Model 3 proposed to test with Engie (Simply Energy).

AER Assessment and Decision

The AER has decided to grant SAPN an interim waiver to obligations under clause 4.2 of the guideline for the period between 1 January 2026 to 31 December 2026. This 12-month interim period will provide sufficient time for the AER to engage with stakeholders and assess long term regulatory considerations for MAS trial services in the context of the energy transition and understanding evolving distribution system operators' functions. The interim waiver allows SAPN to continue to offer the MAS trial in partnership with Engie for the existing 100 customers.

Our decision recognises that, through the MAS trial, SAPN is exploring new approaches to increase the value from renewable energy, while improving utilisation of network assets (the FELs data and control systems, in this case). The AER considers that continuation of the trial will allow SAPN to gather further insights on customer participation, design solar management strategies that lead to efficient integration of solar generation into the grid and generate learnings that may inform the long-term purpose of the MAS trial activities.

The interim waiver will allow continuity for customers who are currently part of the MAS trial. The interim waiver also allows SAPN to continue the MAS trial in its current format. This includes an operational model where SAPN receives a retailer control signal and blends this with its own flexible export limit signal to then publish on trial customers' inverters. The interim waiver allows SAPN to continue this trial in partnership with Engie and up to 100 customers. SAPN will be required to comply with all other obligations in the guideline, including in relation to information access and disclosure obligations (clause 4.3). The interim waiver is granted on the basis that the assets used during the MAS trial and associated costs follow the cost allocation methodology and are subject to the conditions below.

Waiver conditions

The interim waiver is granted with the following conditions:

1. The AER requires that, post-trial, SAPN submits the following information with respect to the interim waiver for Market Active Solar trial with Engie as part of the next annual ring-fencing compliance report due on 30 April 2027:
 - a. Information on the total costs incurred by SA Power Networks on a monthly basis over the trial period.
 - b. Data on customer enrolment and detailing monthly additions and removals over the course of the trial.
 - c. Analysis of the correlation of network and retailer drivers for solar curtailment.
 - d. Details of how the trial partners informed customers about export capacity allocations.
 - e. The customer consent arrangements used for the trial.
2. The AER expects that SAPN will submit, in its annual ring-fencing compliance submission due on 30 April 2026, a report with respect to existing waiver conditions on MAS trial activities for the period 1 July 2024 to 31 December 2025.

Compliance and review matters

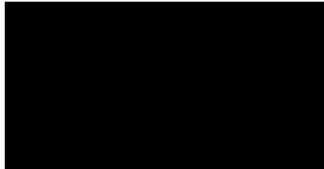
The AER has broad discretion to review and revoke ring-fencing waivers that it grants, at any time on its own initiative, if there are grounds to do so. Pursuant to section 5.5 of the guideline, in deciding whether to vary or revoke the waiver, the AER will have regard to the same matters for granting the waiver under clause 5.3.2 of the guideline. The AER will give

SAPN a minimum of 40 days' notice if the AER is considering a variation or revocation of this waiver.

SAPN is reminded that, under clause 6.3 of the guideline, SAPN must notify the AER in writing within 15 days of becoming aware of a breach of its obligations under the guideline.

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

Yours sincerely



Jarrod Ball
AER Board Member

Sent by email on: 12.12.2025