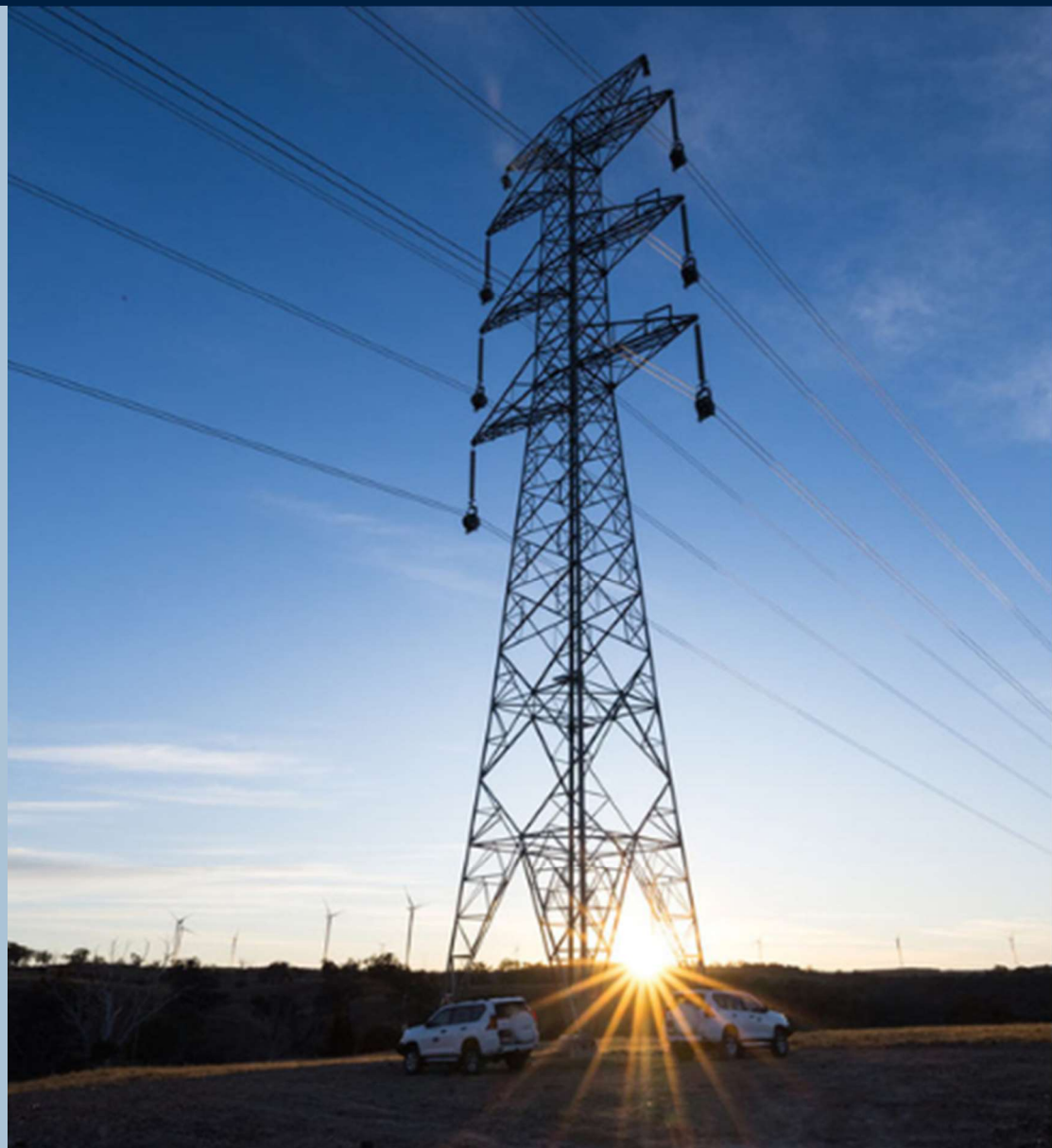




# Ring-fencing Guideline Electricity Transmission Annual Compliance Report

Reporting Period: 1 January to 31 December 2025

April 2026



## Table of Contents

1.	Introduction .....	3
2.	About Powerlink .....	3
3.	Ring-fencing Context.....	4
	3.1 Overarching Guideline Requirements.....	4
	3.2 Queensland Derogations .....	4
4.	Scope of Compliance.....	5
	4.1 Statement of Compliance .....	5
	4.2 Breaches of the Guideline.....	5
	4.3 Other Services .....	6
	4.4 Transactions with Affiliated Entities .....	7
	4.5 Connections .....	8
	4.6 Compliance Measures.....	9

## 1. Introduction

The Australian Energy Regulator (AER) published its Ring-fencing Guideline Electricity Transmission (the Guideline):

- Version 3 (V3), with a compliance date of 6 July 2022;
- Version 4 (V4), with a compliance date of 1 March 2024; and
- Version 5 (V5), with a compliance date of 24 August 2025.

Clause 6A.21.1 of the National Electricity Rules (the Rules) requires all Transmission Network Service Providers (TNSPs) to comply with the Guideline in accordance with clause 6A.21.2.

This Annual Compliance Report covers the period 1 January to 31 December 2025.

During the reporting period, Powerlink Queensland (Powerlink) was subject to a mix of obligations under V3, V4 and V5 of the Guideline. Powerlink's obligations are the result of partial derogations under Queensland legislation, discussed further below.

This report is accompanied by a cover letter signed by Powerlink's Interim Chief Executive Officer, Darryl Rowell, attesting that the contents of this report are accurate to the best of his knowledge. It is also accompanied by an independent assurance report from KPMG.

Powerlink has structured this report as follows:

- Section 2 is about Powerlink;
- Section 3 provides the context for Powerlink's ring-fencing compliance; and
- Section 4 covers Powerlink's scope of compliance. It sets out our overall Statement of Compliance for the reporting period as well as more detailed information in relation to breaches, other services, transactions with affiliated entities, connections and compliance measures.

## 2. About Powerlink

Powerlink is a leading Australian provider of high voltage electricity transmission network services, combining innovation with insight to deliver safe, secure, reliable and cost-effective solutions. We are a Government Owned Corporation (GOC) that owns, develops, operates and maintains the high voltage electricity transmission network in Queensland. Our network extends approximately 1,700 kilometres (km) from Cairns to the New South Wales (NSW) border and comprises 15,559 circuit km of transmission lines and 154 substations.<sup>1</sup>

Our purpose is to connect Queenslanders to a world-class energy future, providing electricity to more than five million Queenslanders and 241,000 businesses. Through our unique central position in the power system, we are guiding the market to help influence the energy system of the future, one that effectively balances customer needs, while transforming to a low carbon future comprising a diverse array of generation and storage technologies including large-scale wind and solar developments, batteries and pumped hydro. Powerlink's network provides the platform to enable the provision of these and many other energy services while maintaining a sharp focus on safety, affordability and reliability of supply for our customers.

As well as connecting large generators to end-use customers through the distribution networks owned by Energex and Ergon Energy (part of the Energy Queensland Group) and Essential Energy (in northern NSW), we also provide electricity directly to large industrial customers such as rail companies, mines and mineral processing facilities.

Powerlink is registered with the Australian Energy Market Operator (AEMO) as a TNSP and is the System Strength Provider and Inertia Service Provider for Queensland. Powerlink holds a Transmission Authority issued under the *Electricity Act (Qld)* 1994. Powerlink has also been appointed by the Queensland

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<sup>1</sup> Powerlink Annual Report 2024/25 published on Powerlink's [website](#)

Government as the entity responsible for transmission network planning in Queensland (the Jurisdictional Planning Body) for the purposes of the National Electricity Rules.

### 3. Ring-fencing Context

The AER's Ring-fencing Guideline seeks to prevent TNSPs from using their position as monopoly providers of prescribed transmission services in ways that undermine competition, efficiency and innovation in contestable markets.

#### 3.1 Overarching Guideline Requirements

The Guideline requires TNSPs to prepare and lodge an annual compliance report relating to each preceding calendar year to the AER. The report is to identify and describe:

- the measures the TNSP has taken to ensure compliance with its obligations under the Guideline;
- any breaches of the Guideline by or which otherwise relate to the TNSP;
- all other services provided by the TNSP;
- the purpose of all transactions between the TNSP and its affiliated entities; and
- other information in relation to connection applications and connections commissioned.

The report must be submitted to the AER within four months of the end of the calendar year to which it relates, namely by 30 April each year. It must be accompanied by a cover letter signed by the TNSP's most senior executive or by a director of the TNSP, attesting that the contents of the report are accurate to the best of their knowledge. In addition, the report must also be accompanied by an assessment of compliance with the Guidelines by a suitably qualified independent authority.

#### 3.2 Queensland Derogations

Powerlink's obligations under the Guideline are modified by the (Queensland) *Energy (Infrastructure Facilitation) Act 2024* (Act) and the *Energy (Infrastructure Facilitation) Regulation 2024* (the Regulation). In effect, Powerlink's obligations under certain V4 and V5 requirements are amended by applying the corresponding V3 obligations instead.

During 2024, the Queensland Government established ring-fencing provisions under section 42 of the Regulation which modified Powerlink's obligations under V4 (V4 Derogations). The provisions replace certain obligations of V4 with the corresponding obligations from V3. These arrangements applied to Powerlink until 23 August 2025.

During 2025, the AER published Guideline V5. From 24 August 2025, an amendment to the Regulation was enacted to preserve the existing ring-fencing provisions by applying V3 and V5 of the Guidelines to Powerlink (V5 Derogations). Since V5 expands the arrangements to cover negotiated transmission services, the V5 Derogations extend to include negotiated transmission services where V3 Guideline obligations apply. That means:

- where obligations under V5 apply to Powerlink, those obligations apply to prescribed and negotiated transmission services; and
- where obligations under V3 apply, those obligations apply to prescribed transmission services only.

Further details on Powerlink's obligations and how it has met its requirements is outlined in Tables 4 to 6 of this report.

## 4. Scope of Compliance

This section provides an overall assessment of Powerlink's compliance with its ring-fencing obligations under each relevant Guideline. It also describes how Powerlink has met its obligations.

### 4.1 Statement of Compliance

Powerlink considers it has complied with its obligations under:

- clauses 7.1, 7.2, 7.6, 7.7, 7.8 and 7.9 of V3 of the Electricity Transmission Ring-fencing Guideline published by the AER on 6 July 2022 (V3 obligations) and clauses 3.1(c), 3.2, 4.4.1, 5.7, 6.1, 6.2, 6.3 and 6.4 of V4 of the Electricity Transmission Ring-fencing Guideline published by the AER on 1 March 2023 (V4 obligations) for the period 1 January 2025 to 23 August 2025; and
- clauses 7.1, 7.2, 7.6, 7.7, 7.8 and 7.9 of V3 of the Electricity Transmission Ring-fencing Guideline published by the AER on 6 July 2022 (V3 obligations) and clauses 3.1(c), 3.2, 4.4.1, 5.7, 6.1, 6.2, 6.3, 6.4 and 7 of V5 of the Electricity Transmission Ring-fencing Guideline published by the AER on 24 February 2025 (V5 obligations) for the period 24 August 2025 to 31 December 2025,

for this reporting period from 1 January 2025 to 31 December 2025.

### 4.2 Breaches of the Guideline

During the 2025 reporting period, no breaches of the Guidelines were identified.

### 4.3 Other Services

Between 1 January and 23 August 2025, clause 6.2.1(b)iii of V4 of the Guideline (as modified by the V4 Derogations) required Powerlink to report all other services provided as set out in clause 7.1 of V3. Under the Guideline, other services are defined as services other than transmission services.

From 24 August to 31 December 2025, the same reporting obligations applied to Powerlink under clause 6.2.1(b)iii of V5 (as modified by the V5 Derogations), as set out in clause 7.1 of V3.

Table 1 provides a summary of other services provided by Powerlink during the reporting period.

**Table 1: List of Other Services Provided by Powerlink**

Other Services
Oil testing and laboratory diagnostic services to: <ul style="list-style-type: none"><li>• non-transmission customers;</li><li>• in respect of non-transmission assets; and</li><li>• to transmission customers not connected to Powerlink’s network.</li></ul>
Consultancy/advisory services, including in relation to: <ul style="list-style-type: none"><li>• oil testing and laboratory services;</li><li>• capacity and co-location services provided to Queensland Capacity Network Pty Ltd (QCN); and</li><li>• advice to the Queensland Government.</li></ul>
QCN Services – leasing spare capacity on Powerlink’s fibre optic network and co-location services to QCN, a telecommunications company jointly owned by Powerlink and Energy Queensland.
Property Searches – to third parties who request information on the location of existing and/or potential future Powerlink assets.
Property Rentals – on land or buildings purchased directly or incidental to property for future development of the transmission network
Corporate Services, such as accounting, regulatory and/or administrative services to Powerlink’s subsidiaries: <ul style="list-style-type: none"><li>• Harold St Holdings Pty Ltd;</li><li>• Powerlink Transmission Services Pty Ltd;</li><li>• Queensland Capacity Network Pty Ltd; and</li><li>• CopperString 2.0 Electricity Transmission Corporation Pty Ltd.</li></ul>

#### 4.4 Transactions with Affiliated Entities

Between 1 January and 23 August 2025, clause 6.2.1(b)iv of V4 requires TNSPs to report the purpose of all transactions between it and its affiliated entities, as set out in clause 3.2 of V4.

From 24 August to 31 December 2025, the same reporting obligations applied to Powerlink under clause 3.2.1(b)iv of V5, as set out in clause 3.2 of V5.

Table 2 provides a summary of Powerlink’s transactions with affiliated entities during the reporting period.

**Table 2: Affiliated Entity Transactions**

Affiliate <sup>1</sup>	Key Purpose of Transactions
<b>Sales</b>	
<i>CleanCo Queensland Ltd, CS Energy Ltd, Energy Queensland Ltd, Stanwell Corporation Ltd.</i>	To enable or assist in the provision of prescribed transmission services.
<i>CleanCo Queensland Ltd, CS Energy Ltd, Energy Queensland Ltd, Stanwell Corporation Ltd, Queensland Capacity Network Pty Ltd.</i>	To enable or assist in the provision of non-prescribed transmission services (i.e., negotiated or non-regulated).
<i>CleanCo Queensland Ltd, CS Energy Ltd, Energy Queensland Ltd, Stanwell Corporation Ltd, Queensland Capacity Network Pty Ltd.</i>	To enable or assist in the provision of other services.
<b>Purchases</b>	
<i>Energy Queensland Ltd.</i>	To enable or assist in the provision of prescribed and non-prescribed transmission services.
<i>CleanCo Queensland Ltd, Energy Queensland Ltd, Queensland Capacity Network Pty Ltd.</i>	Associated with non-prescribed activities.

Note 1 – Includes relevant affiliated entities/subsidiaries.

## 4.5 Connections

This section covers reporting obligations relating to connection applications received by a TNSP as required under clause 6.2.1 of V5, which came into effect on 24 August 2025 (see Table 3).

Powerlink received 11 connection applications for the period from 24 August to 31 December 2025. None of these applications involved contestable electricity services provided solely by a Related Electricity Service Provider (RESP) of the TNSP. All connection applications included contestable services provided by persons other than a Powerlink RESP.

The Australian Energy Market Operator (AEMO) has confirmed that one project reached R2 verification in the reporting period. Powerlink has calculated that the period between receipt of the connection application and R2 commissioning was 1862 business days. Note – Powerlink energised the connection in advance of AEMO’s R2 completion.

**Table 3: Connection Applications**

Clause 6.2.1	Obligation	Outcome
(b)v <sup>1</sup>	The total number of connection applications received by the TNSP in that calendar year	11
(b)vi <sup>1,2</sup>	The proportion of the total number of connection applications received by the TNSP in that calendar year that include the provision of contestable electricity services solely by a related electricity service provider (RESP) of the TNSP	0%
(b)vii <sup>1,2</sup>	The proportion of the total number of connection applications received by the TNSP in that calendar year that include the provision of contestable electricity services by a person other than a RESP of the TNSP	100%
(b)viii <sup>1,2,3</sup>	For connections commissioned in that calendar year that have included the provision of contestable electricity services by a RESP, the average time (in business days) between initial receipt of the connection application and the commissioning of the connection.	N/A
(b)ix <sup>1,2,3</sup>	For connections commissioned in that calendar year that have not included the provision of contestable electricity services by a RESP, the average time ( <b>in business days</b> ) between initial receipt of the connection application and the commissioning of the connection.	1862

Note 1 - A connection application (including modification of a connection) in a ring-fencing context includes an initial connection application request from an applicant, regardless of whether compliant with requirements of an *application to connect* under Chapter 5 of the Rules.

Note 2 - Contestable electricity services include ownership, operation and/or control of *dedicated connection assets*, as defined in the Chapter 10 Glossary of the Rules.

Note 3 - The date a connection is considered commissioned is the date of the final R2 model validation by AEMO, which confirms that required performance standards for the new connection are met.

#### **4.6 Compliance Measures**

Powerlink's ring-fencing obligations varied during the reporting period. Tables 4 to 6 set out Powerlink's assessment of its compliance with relevant provisions of:

- V3 for the entire reporting period from 1 January to 31 December 2025;
- V4 applicable to Powerlink from 1 January to 23 August 2025; and
- V5 applicable to Powerlink from 24 August to 31 December 2025.\_\_\_\_\_

**Table 4: Guideline Compliance: Version 3**

V3 Clause	1 January to 31 December 2025
<p><i>Version 3 Guideline: During the reporting period, due to the V4 Derogations and V5 Derogations, certain obligations under V4 and V5 of the Guideline were replaced with the following provisions of V3.</i></p>	
7.1	<p>Clause 7.1 of V3 replaces clause 3.1(a), (b), (d) and (e) of V4 and V5.</p> <p>Queensland Electricity Transmission Corporation Limited, trading as Powerlink Queensland, is an incorporated public company registered with the Australian Securities and Investments Commission under the <i>Corporations Act 2001 (Cth)</i>.</p> <p>Powerlink did not carry on a related business (ie. electricity generation, distribution or retail) during the reporting period.</p>
7.2	<p>Clause 7.2 of V3 replaces clause 4.1 of V4 and V5.</p> <p>Powerlink directors are required by law to act in the best interests of Powerlink in all their decision-making, including in respect to decisions relating to the provision of ring-fenced services. Powerlink does not make decisions or act in a manner that discriminates in favour of an associate in relation to the terms or conditions on which ring-fenced services are provided.</p>
7.6	<p>Clause 7.6 of V3 replaces clause 4.2 of V4 and V5.</p> <p>Powerlink’s associates did not carry on a related business. As a result, Powerlink did not provide information in relation to its ring-fenced services to any associate that took part in a related business, and it did not give preferential treatment to an associate that took part in a related business through sharing of operational activities</p>
7.7, 7.8 and 7.9	<p>Clauses 7.7, 7.8 and 7.9 of V3 replaces clause 4.3 of V4 and V5.</p> <p>Powerlink does not have any associates that take part in a related business during the reporting period (ie. electricity generation, distribution or retail).</p>

**Table 5: Guideline Compliance: Version 4 and Version 5**

<b>V4 and V5 Clause</b>	<b>1 January to 23 August 2025 V4 obligations</b>	<b>24 August to 31 December 2025 V5 obligations</b>
<i>Version 4 Guideline and Version 5 Guideline: During the reporting period Powerlink was subject to the following requirements of V4 and V5 Guideline for the timelines specified, with consistent obligations under both.</i>		
3.1(c)	<p>Powerlink does not own, operate or control a battery energy storage system.</p> <p>Powerlink has processes in place to ensure any new agreement, or material variation to an existing agreement, with a third party which involves the potential use of an energy storage device is reviewed by Powerlink's legal team prior to execution.</p>	
3.2.1 and 3.2.2	<p>Powerlink's financial system enables it to identify and separate transactions with affiliated entities. Powerlink has processes in place to allocate or attribute costs consistent with its AER-approved Cost Allocation Methodology across and within its prescribed, negotiated and non-regulated transmission services. This includes in relation to other services.</p>	
4.4.1(a)	<p>Powerlink developed a template clause to be inserted into all new or varied agreements with service providers that enable or assist Powerlink in the provision of prescribed transmission services.</p> <p>Powerlink's internal governance ensures that the template clause is inserted into all relevant agreements and any amendments to the clause are required to be approved by the Powerlink legal team.</p>	<p>Building on measures already in place as described under V4, Powerlink has undertaken a review of the template clause.</p>

V4 and V5 Clause	1 January to 23 August 2025 V4 obligations	24 August to 31 December 2025 V5 obligations
<i>Version 4 Guideline and Version 5 Guideline: During the reporting period Powerlink was subject to V4 and V5 Guideline obligations, with consistent obligations under both.</i>		
4.4.1(b)	<p>Powerlink does not encourage or incentivise service providers to engage in conduct which, if Powerlink engaged in the conduct itself, would be contrary to its obligations under clauses 7.2, 7.6 and 7.7 of V3.</p> <p>Relevant service contracts contain a ring-fencing clause requiring compliance by the supplier.</p>	
5.7	<p>Powerlink maintains a Ring-fencing Waiver Register on its website. Nil waivers/interim waivers were approved by the AER.</p> <p>Register <a href="https://www.powerlink.com.au/resources/ring-fencing-guideline-waiver-register">https://www.powerlink.com.au/resources/ring-fencing-guideline-waiver-register</a></p>	
6.1	<p>Powerlink prepared an internal Ring-fencing Compliance Framework which sets out activities to help ensure compliance with V3 and V4 and roles and responsibilities in respect of those activities. The Framework was updated to reflect relevant ring-fencing obligations consistent with Powerlink’s V4 Derogations.</p>	<p>Building on measures already in place as described under V4, Powerlink updated the internal Ring-fencing Compliance Framework to reflect relevant ring-fencing obligations consistent with V5 and Powerlink’s V5 Derogations.</p> <p>Based on the V5 obligations, Powerlink delivered ring-fencing training to staff including the Board and Executive Team.</p> <p>Powerlink established an internal intranet site specific to ring-fencing which provides information in relation to the Guidelines for broader awareness.</p>
6.2.1(a) and (c)	<p>Powerlink prepared this report as required under clause 6.2.1 (a) of V4 and V5 for lodgement to the AER by end April 2026 as required under clause 6.2.2 of V4 and V5. This report is accompanied by an assessment of compliance by a suitably qualified independent authority, KPMG, as required under 6.2.1(c) of V4 and V5.</p>	

<b>V4 and V5 Clause</b>	<b>1 January to 23 August 2025 V4 obligations</b>	<b>24 August to 31 December 2025 V5 obligations</b>
<i>Version 4 Guideline and Version 5 Guideline: During the reporting period Powerlink was subject to V4 and V5 Guideline obligations, with consistent obligations.</i>		
6.2.1(b)i	Tables 5 and 6 describe Powerlink’s measures taken to comply with each of its ring-fencing obligations under V3 and V4 of the Guidelines.	Tables 5 and 6 describe Powerlink’s measures taken to comply with each of its ring-fencing obligations under V3 and V5 of the Guidelines.
6.2.1(b)ii	Section 4.2 of this report notes no breaches of the guidelines were identified for this reporting period.	
6.2.1(b)iii	Between 1 January and 23 August 2025, clause 6.2.1(b)iii of V4 of the Guideline required Powerlink to report all other services provided in accordance with the reporting obligations set out in clause 7.1 of V3.  Section 4.3 of this report provides information on other services provided by Powerlink.	From 24 August to 31 December 2025, the same substantive reporting obligations applied to Powerlink under clause 6.2.1(b)iii of V5, in accordance with the reporting obligations set out in clause 7.1 of V3.  Section 4.3 of this report provides information on other services provided by Powerlink.
6.2.1(b)iv	Between 1 January and 23 August 2025, clause 6.2.1(b)iv of V4 requires Powerlink to report the purpose of all transactions between it and its affiliated entities, in accordance with clause 3.2 of V4.  Section 4.4 of this report provides this information.	Section 4.4 of this report provides this information.
6.2.1(b)v – 6.2.1(b)ix	n/a	Section 4.5 of this report provides relevant connection information.

<b>V4 and V5 Clause</b>	<b>1 January to 23 August 2025 V4 obligations</b>	<b>24 August to 31 December 2025 V5 obligations</b>
<i>Version 4 Guideline and Version 5 Guideline: During the reporting period Powerlink was subject to V4 and V5 Guideline obligations, with consistent obligations.</i>		
6.2.2	Powerlink will lodge its Ring-fencing Compliance Report, including a cover letter signed by Powerlink’s most senior executive, for the calendar year 2025 reporting period by end April 2026.	
6.3	Section 4 of the report notes no breaches of the Guideline were identified for calendar year 2025.	
6.4	Powerlink provided additional information to the AER in relation to breaches for calendar year 2024.	

**Table 6: Guideline Compliance: Version 5**

<b>V5 Clause</b>	<b>24 August to 31 December 2025 Version 5 obligations</b>
<i>Version 5 Guideline: From 24 August 2025, further reporting obligations were imposed on Powerlink.</i>	
6.2.1 (e)	Powerlink’s Ring-fencing Compliance Report will include a cover letter signed by Powerlink’s most senior executive for the calendar year 2025 reporting period, attesting that the contents of the report are accurate to the best of their knowledge.
7	Powerlink complied with relevant transitional arrangements as modified by Queensland legislation.



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