

AER CALL FOR INPUT · PUBLIC SUBMISSION

Submission to the AER Ring-fencing & Shared Asset Guideline Review

Ring-fencing Guideline (electricity distribution) v4 and Shared Asset Guideline v2 — Call for Input (AER ref 31940806)

PREPARED FOR

Australian Energy Regulator

Prepared by AgenticScale.ai in response to the AER's Call for Input (25 June 2026). Every factual and legal claim is cited to a primary source; positions are labelled [Position]. Grounded against the AER Call for Input, the National Electricity Rules and AgenticScale's national substation-headroom evidence base, and gated by an adversarial citation-and-numbers review before release. Draft for internal sign-off — not lodged.

Contents

Front matter	1
Executive summary	1
About AgenticScale.ai and our interest in this review	2
Responses to the consultation questions	3
Recommended amendments to the guidelines (for the Stage 2 draft decision)	4
Alignment with the National Electricity Objective	5
Confidentiality and contact	6
Annex A — Evidence base: the national substation-headroom screen	8
Annex B — Sources cited	9

Front matter

Call for Input — Stage 1 (scope and approach)

Submitter	AgenticScale.ai Pty Ltd
Contact	Philip Beadle, Founder — [REDACTED]
Date	5 August 2026
Consultation	Review of the Ring-fencing guideline (electricity distribution) v4 and Shared Asset Guideline v2
AER reference	31940806 (Call for Input, 25 June 2026)
Submissions close	6 August 2026
Confidentiality	This submission is public . It contains no confidential information.
Our position	Support the review, with recommendations. We support a strong, technology-neutral, competition-protective ring-fencing framework and offer five recommendations to widen its scope to the access-equivalence and third-party multi-use-asset issues that most affect unaffiliated new entrants.

How to read this submission. Statements of fact are cited to a primary source: the AER's own Call for Input (**CFI p.x**), the National Electricity Rules (**NER cl. x**), the AER Ring-fencing Guideline (electricity distribution) v4 (**RFG cl. x**), or AgenticScale's evidence base (referenced and dated). Statements of position are AgenticScale's opinion and are labelled **[Position]**. Our factual evidence base (the national substation-headroom screen) is summarised in **Annex A** with its method and limitations stated.

Executive summary

1.1 AgenticScale.ai builds **SAll Vaults** — containerised sovereign-AI compute (GPUs) with an in-container battery — sited at or near zone substations (ZS), using distribution capacity that already exists, under **flexible/curtailable connection**, and providing network support (voltage support, peak-shaving, contingency curtailment) that can defer or avoid network augmentation. We are an **unaffiliated third-party provider**: we are neither a Distribution Network Service Provider (DNSP) nor a DNSP affiliate. We are precisely the class of new entrant that ring-fencing exists to protect **[Position]**.

1.2 We **support the review** and the AER's framing that ring-fencing should manage cross-subsidisation, discrimination and unfair competitive advantage while ensuring consumers share in the benefits where regulated assets are used for other purposes (CFI p.1; Overview). We agree the guidelines have not been holistically reviewed since introduction and are under strain from CER growth, new business models and closer links between regulated and contestable activity (CFI p.1).

1.3 Our central point of view **[Position]**: ring-fencing's pro-competition purpose is not a brake on the energy transition — it is an *enabler* of it. A genuine level playing field for unaffiliated providers determines *whether latent distribution headroom is mobilised competitively — by private capital, at no capital risk to consumers — rather than only through monopoly-funded deployment*. Competitive mobilisation can deliver the same consumer benefits (deferred augmentation, better asset utilisation, downward pressure on bills) **without placing capital at risk on consumers' balance sheets**.

1.4 The prize is large and measurable. On every Australian network's own current statutory planning data, **648 of 2,050 zone substations each retain ≥ 5 MVA of firm (N-1) headroom with no identified network limitation**, summing to approximately **12 GW of hostable capacity — about a fifth of the distribution network's firm capacity** (AgenticScale national DAPR screen, run 16 July 2026; council-verified 3 August 2026 — Annex A). This is *hostable capacity that exists today*, not deployed load and not energy (Annex A, §A.4), and it is expressed in apparent-power terms (Annex A.4). Realising even a fraction of it competitively depends on unaffiliated providers being able to connect and site on the same terms a DNSP affords itself. (Scope note: *the Ring-fencing Guideline (electricity distribution) is a NEM instrument. The national figure aggregates all 15 Australian distribution networks for market-sizing; the subset addressable through this review is the NEM DNSPs — non-NEM networks (WA's Western Power and Horizon Power, regulated by the WA ERA; the NT's Power and Water) sit outside the AER's ring-fencing jurisdiction. See Annex A.5.*)

■ The AER's own data raises a visibility question about the network-support rationale for **DNSP-owned** assets. On 2024 data — mid-rollout — of ~265 MWh of DNSP battery capacity approved through waivers, ~39 MWh (~15%) had been energised, and of the energy used, ~104 MWh (~1%) was for DNSP network support versus ~11,463 MWh (~99%) by leasing partners in contestable markets (CFI p.9–10). The AER records that these batteries are leased for market services with network support held as a *reserved* use fired only in specified events (CFI p.10) — so a low network-support share is partly by design, and the low energised fraction partly reflects a still-ramping build pipeline.

[Position] The point we draw is narrower than "the model has failed": the framework does not yet give the AER enough visibility to verify whether the reserved network-support benefit — the justification for consumers' exposure to these assets — is actually being realised, which is the very purpose the AER assigns to the data (CFI p.10). That argues for a framework in which network support can be *contracted from third parties who bear the capital risk themselves*, with transparent verification, rather than assuming monopoly-funded ownership is the efficient route (see R4).

1.6 We make **five recommendations** (§4), the essence of which is: treat **access equivalence** (to connection, land at/near substations, and hosting-capacity data) as a first-order ring-fencing matter; make the treatment of **multi-use assets technology-neutral and applicable to third-party-owned assets**, not only DNSP-owned ones; generalise the pro-competition safeguards the AER already imposes case-by-case (the Ausgrid "Third Location" benchmark and Spatial Energy Plan transparency) into the guideline itself; and coordinate explicitly with the AEMC's Electricity Network Regulation Review (ENRR) on the service-classification questions the AER has placed out of scope.

About AgenticScale.ai and our interest in this review

2.1 What we do. AgenticScale.ai finds unused capacity in the electricity network and turns it into sovereign AI compute. Our SALL Vault is a shipping-container data centre combining GPU racks with an in-container battery; a three-rack Vault draws approximately **0.48 MVA** (AgenticScale national DAPR screen README, 16 July 2026). Vaults are sited at or adjacent to zone substations to use existing capacity, and are connected on a **flexible/curtailable** basis so that the network can curtail Vault load during contingencies. The in-container battery is designed to let a Vault provide network-support services — in AgenticScale's design, voltage support, peak-shaving and contingency curtailment — while the compute load itself can be curtailed [**Position — design intent**]. The generic network-support-plus-curtailable-load model is described in AgenticScale, *The Number*, 3 August 2026; the specific service set is our design intent, to be confirmed per site.

2.2 Where we sit in the regulatory framework. We are an **unaffiliated third-party provider** in markets adjacent to the regulated network. We are not a DNSP and not a DNSP-related electricity service provider. The Ring-fencing Guideline (electricity distribution) governs whether the boundary between DNSP monopoly functions and contestable markets is drawn and policed in a way that lets a provider like us compete on fair terms (CFI pp.4–6). The Shared Asset Guideline governs how consumers share in the value where regulated assets are used to earn other revenue (CFI pp.6–7) — directly relevant where a third-party Vault uses network land, a connection point, or spare capacity.

2.3 Why we are engaging. Two features of the current framework bear directly on whether the ~12 GW of hostable capacity (Annex A) can be mobilised by competitive investment:

- **(a) Access equivalence.** Our binding constraint is not the compute or the capital — it is obtaining a connection, siting rights at/near a substation, and reliable hosting-capacity/headroom data on the **same terms** a DNSP would afford itself or an affiliate. The CFI's in-scope list already names the DNSP's use of "access to assets, land, information, systems, staff, capability, or customer relationship" to advantage affiliates or distort competition (CFI p.16). [**Position**] We read the mirror-image of that duty — non-discriminatory access for unaffiliated providers on equivalent terms — as the core ring-fencing question for a physical new entrant.

- **(b) Multi-use asset treatment.** A Vault's battery is a multi-use asset: it earns compute/market value **and** provides contracted network support. The guidelines' treatment of multi-use assets is written around **DNSP-owned** assets (CFI pp.6–7, 16). We ask the AER to make that treatment technology-neutral and explicit about **third-party-owned** multi-use assets co-located on or near network infrastructure **[Position]**.
-

Responses to the consultation questions

Question 1 — Have we accurately described the key changes occurring in distribution networks and the broader energy system? Are there any important developments or trends not captured?

Response: Yes, broadly — with three additions.

3.1 We agree with the AER's description of a decentralising system in which EV charging, community batteries and flexibility/orchestration services increasingly involve assets that deliver value across both regulated and competitive domains (CFI p.4), and in which DNSPs' monopoly position gives them access to infrastructure, information and operational capabilities that may be leveraged into adjacent markets (CFI pp.9–10). We also agree that the formalisation of the DSO role (Energy Ministers, December 2025) sharpens these questions (CFI pp.10–11).

3.2 We suggest three developments deserve explicit recognition in the review **[Position]**:

- **(a) A new class of flexible, curtailable *load* is arriving at the distribution edge.** Sovereign-AI compute co-located with storage is neither traditional inflexible demand nor a DNSP asset. Because it can be curtailed and can provide storage-based network support, it can be a *network-supporting* resource rather than only a network *burden*. The guidelines were written before this class existed; the review should contemplate it. These Vaults are small and distributed — a three-rack unit is ~0.48 MVA (AgenticScale DAPR screen README, 16 July 2026) — a distribution-edge phenomenon connected behind or near a zone substation, not a transmission-scale connection.
- **(b) The scale of latent hostable headroom is now measurable and material.** On networks' own published DAPR data, ~12 GW of firm (N-1) headroom sits at 648 zone substations with no identified limitation (Annex A). Whether that capacity is mobilised competitively or left idle turns substantially on the access-equivalence questions in this review.
- **(c) Third-party-owned multi-use assets are now viable.** The trend the CFI describes for DNSP-owned batteries (value-stacking across network and market uses — CFI pp.9–10) is equally available to *unaffiliated* owners who can provide network support by contract while bearing the capital risk themselves. The review should describe both ownership models, not only the DNSP-owned one.

Question 2 — Have we accurately reflected the concerns raised by stakeholders regarding the guidelines? Are there additional issues that should be considered as part of this review?

Response: Yes — and we endorse two stakeholder positions the CFI records, and add three issues.

3.3 We **endorse** the stakeholder concerns the CFI records that (i) the current functional-separation framework may not prevent regulated monopoly advantages — staff, expertise, assets, information — being leveraged in adjacent markets in ways unaffiliated entities cannot replicate (CFI p.12); and (ii) there is an absence of a **clear, technology-neutral** regulatory framework for how assets and services can provide benefits across both the regulated domain and adjacent markets (CFI pp.13–14). Both go to the heart of whether a provider like AgenticScale can compete.

3.4 We add three issues for scope **[Position]**:

- **(a) Access equivalence is a first-order ring-fencing issue, not a second-order one.** The CFI's functional-separation discussion is framed largely around shared staff, offices, branding and information disclosure (CFI pp.5–6, 12). For a physical new entrant, the decisive advantages a DNSP holds are **access to connection processes, access to land and space at/near substations, and access to hosting-capacity/headroom data**. The review should treat non-discriminatory access to these three as core functional-separation obligations, with equivalence tested against the terms the DNSP affords itself and affiliates. (This is consistent with the AER's own in-scope wording — CFI p.16.)
- **(b) The framework does not yet let the AER verify the network-support rationale for DNSP ownership.** On 2024 data, of ~265 MWh of DNSP battery capacity approved through waivers, ~15% is energised, and of energy used, ~1% served DNSP network support versus ~99% used by leasing partners in contestable markets (CFI pp.9–10) — a split the AER notes partly reflects network support being a *reserved* use and the rollout still ramping (CFI p.10). **[Position]** Rather than read this as settled under-performance, we read it as a visibility gap: the guideline should require the reporting needed to verify whether the reserved network-support benefit is realised, and — because that benefit is the justification for consumers' exposure — should make **third-party provision (at private capital risk) the presumptive path** for network-supporting storage, reserving DNSP ownership/waivers for demonstrated, location-specific market failure. That test the AER already applies in principle (e.g. the Ausgrid "Solar Provider of Last Resort" expectation, which requires evidence of market failure before the DNSP acts — Ausgrid CPN decision, AER, December 2025).

- **(c) Hosting-capacity and headroom data is ring-fenced information that should be shared non-discriminatorily.** The data a third party needs to site an asset — remaining firm capacity, forecast headroom, constraints — is generated by the regulated business. The AER's own Low-voltage Network Visibility work (Phase 3 Final Report, 31 March 2025) identifies import capability, export capability and network-connection data as priority datasets third parties need to site DER. The review should confirm that where a DNSP holds such data, it must be made available to unaffiliated providers on equivalent terms, not held as a competitive advantage.
-

Question 3 — Are there relevant experiences, case studies, examples or evidence that would help illustrate these issues or inform this review?

Response: Yes. We offer five, each cited.

3.5 (a) The national substation-headroom screen — evidence the prize exists (measured). Across all 15 Australian distribution networks, screening each network's own 2025 DAPR/equivalent planning data for firm (N-1) horizon headroom ≥ 5 MVA with no identified limitation, **648 of 2,050 zone substations pass**, summing to ~12 GW of hostable capacity (~21% of the network's ~57 GW firm capacity). A further 368 substations are *constrained* — the class where an on-site battery plus curtailable load can earn network-support revenue (AgenticScale national DAPR screen, 16 July 2026; council-verified 3 August 2026 — Annex A). Method, per-network results and limitations are in Annex A. This is the size of the opportunity that a level playing field would let competitive capital pursue.

3.6 (b) The DNSP-battery waiver data — evidence on the DNSP-ownership model (from the AER's own CFI). Between December 2020 and October 2025 the AER approved 14 individual ring-fencing waivers for DNSP-owned batteries, plus a 2023 class waiver for the Community Batteries for Household Solar Program (CFI pp.9–10). Reported 2024 outcomes (mid-rollout): ~15% of approved capacity energised; ~1% of energy used for DNSP network support versus ~99% by leasing partners (CFI p.10), a split the AER attributes partly to network support being a reserved use (CFI p.10). **[Position]** We offer this not as proof of failure but as evidence that the framework should not *assume* DNSP ownership is the efficient route to network support, and should require the reporting to verify it.

3.7 (c) The Ausgrid CPN "Third Location" and Spatial Energy Plan conditions — a working template for access equivalence. In December 2025 the AER granted Ausgrid a 5-year trial waiver from NER cl. 6.17.1 (relieving RFG cl. 3.1, 4.2.1, 4.2.2, 4.2.3) for its Community Power Network, subject to seven binding conditions (AER, Ausgrid CPN decision, December 2025). Two are directly relevant: **Condition 2** requires Ausgrid to run

a third, non-waivered benchmark location where it offers the commercial market the *same tariffs, connection fees and timing* it affords itself at the trial sites — an explicit "level playing field" test; and **Condition 4** requires Ausgrid to publish a Spatial Energy Plan every six months plus a remaining-capacity list, usable by other commercial entities to find where to connect their own assets. We recommend the AER consider generalising both into the guideline (see §4).

3.8 (d) The Essential Energy "Plug and Play" trial (waiver application under consultation) — testing barrier-reduction vs DNSP ownership. Essential Energy has *applied* for a ring-fencing waiver (application 20 April 2026; AER consultation 3 June – 14 July 2026) for an ARENA-funded trial that would pair a DNSP-owned stream (leasing 300 kerbside chargers) with a **Stream 1 that reduces site-selection and connection barriers across 1,000 poles to make sites charger-ready for third-party deployment** — designed to test "whether reducing barriers alone is enough to encourage market participation, or whether DNSP-owned shared infrastructure is needed" (AER, Essential Energy ring-fencing waiver material, 2026). This is the right question, and barrier-reduction for third parties is the pro-competitive default.

3.9 (e) The SAII Vault — a worked example of a third-party multi-use asset providing network support. A Vault co-located at a zone substation is designed to provide network support — voltage support, peak-shaving and contingency curtailment [**Position — design intent**] — from its in-container battery and curtailable compute load, under a flexible/curtailable connection, at no capital cost to consumers (network-support-plus-curtailable-load model: AgenticScale, *The Number*, 3 August 2026). Like the DNSP batteries in §3.6, a Vault's network support is a reserved/contingency use rather than a continuous one — but the capital is private, so consumers bear none of the asset risk [**Position**]. It illustrates the multi-use, third-party-owned asset the guidelines currently do not squarely address.

Question 4 — Do you consider the scope of this review to be appropriate? Are there additional areas of focus that should be included?

Response: The scope is broadly appropriate; we support the guidelines-first, technology-neutral, competition-protective framing, and recommend three additions and one coordination step.

3.10 We **support** the AER's proposed in-scope items, in particular: the effectiveness of functional-separation clauses in preventing the use of regulated assets, land, information, systems, staff, capability or customer relationships to advantage affiliates or distort competition; the treatment of multi-use assets and how costs and revenues are

attributed; whether shared-asset benefit-sharing (materiality thresholds and sharing ratios) remains appropriate; and whether the waiver decision-making framework adequately weighs benefits and risks (CFI pp.16–17). These are the right questions.

3.11 We recommend the following **additions to scope [Position]** (developed as drafting recommendations in §4):

- **(a) Explicit treatment of how DNSPs handle third-party co-location on multi-use/shared assets.** The Ring-fencing and Shared Asset Guidelines bind DNSPs, not third parties (NER cl. 6.17.1). We therefore ask not that the guideline regulate third-party assets, but that it expressly address **how a DNSP must treat, price and share the value of its land, connection points and spare capacity when an unaffiliated party co-locates** — so that co-location is handled non-discriminatorily and consumers share in the DNSP's rent, distinct from the current DNSP-owned-shared-asset framing (CFI pp.16–17).
- **(b) Access-equivalence obligations as functional separation.** Add, as a named functional-separation matter, non-discriminatory access for unaffiliated providers to (i) connection processes, (ii) land/space at/near substations, and (iii) hosting-capacity/headroom data — tested against the terms afforded to the DNSP and its affiliates.
- **(c) Generalise the case-by-case pro-competition safeguards.** Consider bringing the Ausgrid-style "Third Location" benchmark and Spatial Energy Plan transparency (§3.7) into the guideline as standing features, so a level playing field does not depend on the terms of individual waivers.

3.12 **On the out-of-scope boundary and AER–AEMC coordination.** We note the AER has placed **service classification and what services DNSPs may provide** out of scope, to be handled through DNSPs' Framework & Approach resets and the AEMC's ENRR Package 1 (CFI p.17). We understand and accept that boundary. However, the questions that most determine third-party entry — whether third-party co-location at a substation is enabled, and how connection/facility access is treated — straddle it (the AEMC ENRR consultation paper of 25 June 2026 asks, at its Question 4, whether connection/facility-access arrangements are a barrier to entry into contestable markets, and at its Question 5 how the costs/benefits of assets "such as community batteries" should be allocated — AEMC, ENRR Package 1 Consultation Paper, EPR0106/ERC0435/ERC0437, 25 June 2026). We therefore recommend the AER **coordinate explicitly with the AEMC** so that (i) the guideline is drafted to *support*, not inadvertently block, third-party co-location, and (ii) it is ready to implement whatever service-classification outcome the ENRR reaches **[Position]**. The CFI already commits to aligning scope and timing with the ENRR (CFI pp.1–2); we support that and ask that third-party access equivalence be an explicit object of the alignment.

Question 5 — Do you have suggestions on ways to make it easier for stakeholders to engage with the review process?

Response: Yes — three practical suggestions.

3.13 (a) Run a dedicated workshop stream for unaffiliated new entrants and non-traditional providers. The CFI's stakeholder-workshop plan lists "unaffiliated service providers and industry bodies" as a group (CFI p.19). We ask that this stream be genuinely distinct from incumbent-network and affiliate sessions, and that it be scheduled to allow small new entrants (who lack large regulatory-affairs teams) to attend. AgenticScale would participate.

3.14 (b) Publish the anonymised waiver dataset that underpins the CFI's battery figures. The energised-capacity and network-support-vs-market-use figures (CFI pp.9–10) are exactly the kind of evidence that lets stakeholders make grounded submissions. Publishing the per-asset dataset (anonymised) — energised %, network-support MWh vs market MWh — would materially improve the evidence base for Stage 2.

3.15 (c) Align consultation timing with the AEMC ENRR. The AEMC has confirmed a Directions Paper for the ENRR Review at the end of 2026, and has extended the draft *rule* determination for the two rule-change requests (ERC0435/ERC0437) to 20 May 2027 (AEMC, ENRR Package 1 Consultation Paper, 25 June 2026, para 52). Sequencing this review's draft decision (September 2026 — CFI p.18) and consultation so that stakeholders can respond coherently across both processes would reduce burden and improve consistency, consistent with the AER's stated intent to reduce duplication across concurrent consultations (CFI pp.1–2, 18).

Recommended amendments to the guidelines (for the Stage 2 draft decision)

*These are recommendations to be developed at the AER's **draft decision** stage (September 2026 — CFI p.18); this Stage 1 call for input does not yet contain draft guideline text. We reference existing clauses of the Ring-fencing Guideline (electricity distribution) v4 (**RFG**) and the Shared Asset Guideline v2 (**SAG**) where we can, and otherwise describe the obligation to be drafted. All are **[Position]**.*

R1 — Access equivalence as a functional-separation obligation (RFG functional-separation provisions, cl. 4 series). Extend the non-discrimination obligation (cf. RFG cl. 4.2, the clause relieved in the Ausgrid CPN waiver and sought in the Essential Energy waiver application) so that a DNSP must treat unaffiliated providers no less favourably than itself or a related electricity service provider in respect of **(b) access to land/space at or adjacent to distribution infrastructure and (c) hosting-capacity and headroom data** — both squarely within the CFI's in-scope functional-separation wording (CFI p.16). On **(a) the DNSP's handling of connection applications**, the obligation should be limited to non-discriminatory *processing* of third-party connection requests (a functional-separation matter); reform of the connection/facility-access *framework* itself is the AEMC ENRR's Question 4 territory and should be pursued through the coordination in R5, not this guideline. Non-compliance should be reportable and testable.

R2 — Treat DNSP handling of co-located multi-use assets technology-neutrally (SAG; RFG multi-use/dual-function provisions). Because the guidelines bind DNSPs, draft the treatment as an obligation on the DNSP: where the DNSP's regulated land, connection or spare capacity is used by an unaffiliated party's co-located multi-use asset, require non-discriminatory treatment and a transparent, proportionate mechanism for consumers to share in **the DNSP's rent/revenue from that use** (adjusting the DNSP's regulated revenue, per the Shared Asset Guideline's purpose — CFI pp.6–7) — *not* a levy on the third party's own market earnings, so efficient third-party investment is not deterred.

R3 — Generalise the "level-playing-field" benchmark and capacity transparency (RFG; drawing on the Ausgrid CPN conditions). Bring into the guideline, as standing obligations rather than one-off waiver conditions: (a) a requirement that where a DNSP (or affiliate) provides an adjacent service using network assets, it offers unaffiliated providers

equivalent tariffs, connection fees and timing (cf. Ausgrid CPN Condition 2); and (b) periodic publication of a spatial capacity/headroom plan usable by third parties to identify where to connect (cf. Ausgrid CPN Condition 4; AER LV Network Visibility Phase 3, 2025).

R4 — Raise the evidentiary bar for DNSP-ownership waivers where network support is the rationale (RFG waiver framework, cl. 5–6 series). Where a DNSP seeks a waiver to own network-supporting storage, require (a) evidence that the network-support need cannot be met by contracting an unaffiliated provider, and (b) ongoing reporting of energised capacity and the split between network-support use and market use — the very metrics the CFI reports are currently weak (CFI pp.9–10). This makes third-party provision the presumptive path and reserves DNSP ownership for demonstrated market failure.

R5 — Explicit AER–AEMC coordination clause / statement. Include, in the draft decision, a clear statement of how the guideline interacts with the AEMC ENRR outcomes on service classification and connection/facility access (CFI p.17; AEMC ENRR Consultation Paper, 25 June 2026), and a commitment that the guideline will be drafted to support third-party co-location and updated promptly to reflect ENRR determinations.

Alignment with the National Electricity Objective

5.1 The AER applies the **National Electricity Objective (NEO)** — "to promote efficient investment in, and efficient operation and use of, electricity services for the long-term interests of consumers of electricity" (CFI p.5, footnote 2; National Electricity Law s 7). The NEO was amended in 2023 to include the achievement of jurisdictional greenhouse-gas emissions-reduction targets (the "emissions limb"; National Electricity Law s 7, as amended). *(Legal context; we cite the CFI's statement of the NEO and note the statutory emissions limb as the broader framework.)*

5.2 Our recommendations serve the NEO on each limb **[Position]**:

- **Efficient investment and use.** A level playing field determines whether latent firm headroom (Annex A) is mobilised *competitively* — by privately-financed capital, at no capital risk to consumers — rather than only via monopoly-funded deployment; competitive mobilisation improves asset utilisation and defers or avoids augmentation.
 - **Long-term interests of consumers.** Deferred augmentation and better utilisation put downward pressure on network revenue requirements and therefore bills; and ensuring consumers share in the value where regulated assets are used by others (R2) protects the consumer benefit the Shared Asset Guideline exists to deliver.
 - **Emissions.** Grid-supporting compute that runs on existing distribution capacity avoids new network build and can be curtailed to support the system, consistent with an efficient, lower-emissions transition.
-

SECTION 6

Confidentiality and contact

6.1 This submission is **public** and may be published in full. It contains no confidential information.

6.2 We would welcome the opportunity to present the substation-headroom evidence (Annex A) at a Stage 2 workshop and to discuss the access-equivalence recommendations. Contact: **Philip Beadle, Founder, AgenticScale.ai** —

[REDACTED]

Annex A — Evidence base: the national substation-headroom screen

A.1 What it is. A uniform screen of every Australian distribution network's own most recent published statutory planning data (2025 DAPR / DTAPR / APR under NER cl. 5.13.2, or the non-NEM equivalent) for zone substations that retain firm (N-1) headroom against forecast peak demand. Run 16 July 2026; the headline figure was council-verified on 3 August 2026 (AgenticScale, national DAPR screen; *The Number*, 3 August 2026).

A.2 Screen definition. A substation **passes** if it has firm (N-1) capacity > 0, a published horizon demand forecast, no identified network limitation, and **≥ 5 MVA** of horizon headroom (~10× the 0.48 MVA of a three-rack Vault). Forecasts are 50% PoE where published (SA Power Networks' constrained set is 10% PoE, noted in-row). Firm-capacity definitions differ slightly by network (N-1 firm / ECC / firm normal cyclic / secure capacity / N-1 import rating) and are recorded per row.

A.3 Result. Of **2,050** zone substations screened across 15 networks, **648 pass** (~12 GW / ~11.9 GW of firm headroom, ≈ 21% of the ~57 GW distribution firm-capacity base), **368 are constrained** (the network-support second wave — a battery plus curtailable load can earn network-support revenue), 988 are thin (< 5 MVA headroom, including single-transformer sites with firm = 0), and 46 have no published data. Per-network results, source workbooks and provenance notes are held in the screen repository.

A.4 What the number is — and is not (guardrails).

- It is **hostable capacity (apparent power), not energy, and not deployed load**. Firm (N-1) headroom is measured in MVA; consistent with AgenticScale's house metric (*The Number*), the aggregate is expressed as ~12 GW as shorthand for the MVA/GVA sum. A three-rack Vault is 0.48 MVA. The ~12 GW is the measured *ceiling* of what could be hosted under flexible/curtailable connection; the load AgenticScale would actually deploy is a much smaller, separately-modelled figure.
- It is **not** "a fifth of all national power." Percentages are of the network's **firm (N-1) capacity**, not of energy or generation.
- The aggregate sums each network's own firm-capacity definition (N-1 firm / ECC / firm normal cyclic / secure capacity / N-1 import rating), which differ slightly; it is a national screen for market-sizing, not a single physically-homogeneous quantity.
- Hosting large loads still requires a connection and, in many cases, feeder/bay works — the screen identifies where firm headroom exists, not that connection is cost-free.

A.5 Scope and method limitations.

- **NEM scope.** The figure aggregates all 15 Australian distribution networks for national market-sizing. The AER Ring-fencing Guideline (electricity distribution) is a NEM instrument; non-NEM networks — WA's Western Power (SWIS) and Horizon Power, regulated by the WA ERA, and the NT's Power and Water — sit outside this review's reach and are included only in the national total.
 - **Data caveats.** AusNet's machine-readable file lists constrained sites only (its full ~70-ZS set is PDF-appendix); Horizon Power publishes capacity in bands and is documented in notes rather than force-fitted. Firm-capacity definitions and forecast horizons vary by network and are recorded per row. No values were fabricated; gaps are shown as no-data with notes.
-

Annex B — Sources cited

Primary — the instrument under review

- AER, *Call for Input — Review of the Ring-fencing guideline (electricity distribution) v4 and Shared Asset Guideline v2*, 25 June 2026 (AER reference 31940806). Cited as **CFI p.x**.
- AER, *Ring-fencing Guideline (electricity distribution) v4*, 27 February 2025 (**RFG**).
- AER, *Shared Asset Guideline v2*, 30 June 2025 (**SAG**).

Primary — related instruments and decisions

- National Electricity Rules, cl. 6.17.1 (ring-fencing), Chapter 6 (economic regulation of distribution services), cl. 5.13.2 (Distribution Annual Planning Report); National Electricity Law, s 7 (NEO, as amended 2023).
- AER, *EIT — Ausgrid CPN Decision*, December 2025 (trial waiver from NER cl. 6.17.1; seven binding conditions).
- AER, Essential Energy ring-fencing waiver material (kerbside EV charging "Plug and Play" trial), 2026.
- AER, *Low-voltage Network Visibility, Phase 3 Final Report*, 31 March 2025.
- AEMC, *Electricity Network Regulation Review Package 1, Consultation Paper* (EPR0106; ERC0435; ERC0437), 25 June 2026.

AgenticScale.ai evidence base

- AgenticScale.ai, *National DAPR Screen — SAI Vault siting across every Australian distribution network*, run 16 July 2026 (method anchor: *The Substation Dividend*, 10 July 2026).
- AgenticScale.ai, *The Number* (headline-metric brief), locked and council-verified 3 August 2026.

Prepared by AgenticScale.ai for lodgement to the AER via the Call for Input submission form. This is a draft for internal review and sign-off; it has not been lodged.