Ms [redacted]
Chair
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

6 August 2026

To Ms Savage,

Review of the Ring-fencing guideline (electricity distribution) v4 and Shared Asset Guideline v2 – Call for input

ENGIE Australia & New Zealand (ENGIE) appreciates the opportunity to respond to the Australian Energy Regulator (AER) on its call for input into the review of the Ring-Fencing Guideline (Electricity Distribution) and Shared Asset Guideline.

The ENGIE Group is a global energy operator in the businesses of electricity, natural gas and energy services. In Australia, ENGIE operates an asset fleet which includes renewables, gas-powered generation, and battery energy storage systems. ENGIE also provides electricity and gas to retail customers across Victoria, South Australia, New South Wales, Queensland, and Western Australia.

ENGIE is pleased that the AER is responding to stakeholder feedback for a broader review of these guidelines in the context of growing concerns around whether the current framework sufficiently prevents distribution network service providers (DNSPs) from misusing their monopoly advantages in contestable markets. While ENGIE welcomes this review, ENGIE questions the timing of the review and the significant overlap that will likely occur with the Australian Energy Market Commission's (AEMC) ongoing Electricity Network Regulation Review (ENRR).

In particular, as part of the ENRR the AEMC is assessing a Nexa Advisory rule change request that proposes reforms to strengthen ring-fencing settings and elevating the core obligations into the National Electricity Rules (NER).[1] This rule change request, if adopted, would place new obligations on the AER to implement the strengthened ring-fencing principles through its guidelines.

[1] Nexa Advisory 2026, Rule change request – Protecting consumers by enhancing competition in distributed/consumer energy resources and services in the NEM, 2 March.

As the AEMC has only recently commenced the ENRR, there is significant uncertainty around the timelines and scope of reforms that will be made to ring-fencing arrangements. ENGIE is concerned that a broad review into the AER's guidelines could be quickly made redundant by reforms to the NER, requiring a subsequent review into the guidelines.

Although the AER has acknowledged the interactions between this review and the ENRR, ENGIE recommends this review have a focused and limited scope to avoid significant resources being expended on a review that may be superseded in a relatively short period of time. For example, ENGIE would support a review that focuses on auditing the effectiveness of the guidelines in relation to previous waivers (such as the functional separation clauses and shared asset benefit-sharing arrangements) and considers the application of the guidelines to emerging technologies and services.

ENGIE supports strengthened ring-fencing arrangements and stricter waiver conditions, to ensure that DNSPs face a high regulatory barrier to receiving a waiver from their ring-fencing obligations. Before granting a waiver, the AER should be satisfied there is clear and demonstratable evidence of long-term benefits to consumers that justifies monopoly businesses participating in contestable markets. This position is aligned with the feedback the AER has received from contestable service providers and industry bodies at the AER's stakeholder workshop on 21 July, which expressed concern about the operation of the waiver framework and the threshold applied to the granting of waivers under the current guideline.[2]

By way of example, ENGIE expressed concern with the time-bound ring-fencing waiver the AER granted to CitiPower, Powercor and United Energy in 2025 to conduct a kerbside electric vehicle charging trial.[3] ENGIE was particularly concerned with the prospect of DNSP intervention in a contestable market that was largely well-functioning and competitive. ENGIE did not agree there was sufficient evidence presented by these DNSPs to justify the AER granting a ring-fencing waiver, even with the AER imposing additional conditions. ENGIE contends that a strengthened ring-fencing framework that includes a strong last-resort test for granting waivers may have prevented a waiver being granted in this instance.

Should you have any queries in relation to this submission please do not hesitate to contact me on, telephone, [redacted].

Yours sincerely,

[redacted]

[3] ENGIE 2025, Submission to Ring-fencing waiver application for an EV charging infrastructure trial from CitiPower, Powercor, and United Energy – consultation paper, 13 June.