

6 August 2026

Laura Considine
Director, Ring-fencing
Australian Energy Regulator

Dear Laura,

Review of the Ring-fencing guideline (electricity distribution) and Shared Asset Guideline Call for Input

Energy Networks Australia (ENA) appreciates the opportunity to respond to the Australian Energy Regulators (AER) Call for Input on the Review of the Ring-fencing guideline (electricity distribution) and Shared Asset Guideline.¹

ENA is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

Under the National Electricity Objective (NEO), network businesses and the AER are expected to promote efficient investment, operation and use of electricity services for the long-term interests of electricity consumers.² ENA supports reviews that demonstrably advance this objective and are targeted at clearly identified problems. In ENA's view, the AER should more clearly articulate the specific harms or regulatory gaps it considers justify a broad review of both guidelines at this time, and how the proposed scope will address those issues in a proportionate way. A broad review of the ring-fencing and shared asset guidelines without that analysis risks moving beyond the task of addressing specific regulatory issues and into a wider policy exercise that is not justified by the evidence currently available.

Analysis of stakeholder concerns should inform regulatory assessment

Stakeholder concerns are an important input to this review and should be carefully considered. However, the objective of the review should be to determine the nature of those concerns and apply the regulatory response most appropriate based on the evidence.

Not all concerns necessarily indicate the regulatory framework is failing. Similar issues may arise from isolated non-compliance, differing interpretations of existing obligations, uncertainty regarding how the framework operates in practice, or genuine limitations within the framework itself.

ENA considers the review would be strengthened by first assessing whether concerns relate to compliance, implementation or if there are indeed systemic issues to resolve before considering regulatory change. Potential non-compliance is more appropriately addressed through established compliance and enforcement processes. Uncertainty regarding existing obligations may be better resolved through clarification.

¹ Australian Energy Regulator, *Review of the Ring-fencing guideline (electricity distribution) and Shared Asset Guideline, Call for Input*, 25 June 2026

² Australian Energy Market Commission, *National Energy Objectives*, July 2026.

A disciplined assessment of stakeholder concerns will help ensure that any reforms are evidence-based, proportionate to clearly identified harms, and directed toward improving consumer outcomes under the NEO. This approach will reduce the risk of unintended consequences while preserving aspects of the existing framework that are operating effectively.

Concerns with the current proposed timeline

The proposed timeframes conflict with the Australian Energy Market Commission's (AEMC) Electricity Network Regulation Review (ENRR) which is likely to have implications for the matters under consideration. ENA expects Package 1 of the ENRR to be relevant to the ring-fencing and shared asset guidelines, particularly in relation to the treatment of new and emerging technologies, with outcomes expected in December. Subsequent rule changes under Package 1, are likely to require updates to these guidelines.

Despite the possibility a review of these guidelines is an appropriate place to consider concerns raised, there is the strong potential that this review will duplicate any work undertaken post the AEMC's conclusions. ENA therefore suggests it would be beneficial to consider whether the timing of the review could be better aligned with the ENRR process to reduce potential duplication, including options such as sequencing the AER review to follow key ENRR decisions or explicitly staging any guideline changes so they can be aligned with subsequent rule changes where they occur.

ENA also encourages the AER to approach any consideration of shared assets and ring-fencing obligations in a way that is coordinated, appropriately separated and internally consistent. Where regulated assets, systems, information or capabilities are used to support multiple services, the framework should clearly distinguish between issues of competition and discrimination, which are the proper focus of ring-fencing, and issues of cost allocation and consumer benefit sharing, which are more appropriately addressed through the shared asset framework and related regulatory tools.

The AER has indicated a desire to remove red tape and regulatory barriers to enhance the energy transition and bring forward the benefits of renewable energy for electricity customers. ENA strongly supports this objective. This review has the potential to weaken incentives for networks to trial new technologies, without clear evidence of commensurate benefits for consumers. ENA encourages the AER to consider the appropriate timing and focus the review on clarifying obligations, and supporting efficient innovation, consistent with its previous commitments to reduce unnecessary regulatory barriers.

If you wish to discuss any of the matters raised in this response further, please contact Victoria Baikie, Senior Regulatory Analyst via [REDACTED]

Yours sincerely,

[REDACTED]

Dominic Adams
Acting Chief Executive

Appendix: Summary of questions for stakeholders

Question	Response
1. Have we accurately described the key changes occurring in distribution networks and the broader energy system? Are there any important developments or trends we have not captured?	ENA agrees the AER has identified the main trends, including CER growth and emerging technologies to recognise the evolution of the industry. However, this review should distinguish the differences between the evolving trends and the evidence of regulatory failure necessitating an industry wide guidelines review. The paper should more clearly outline issues that directly engage ring-fencing or shared assets and those more appropriately addressed through service classification frameworks and the ENRR.
2. Have we accurately reflected the concerns raised by stakeholders regarding the guideline? Are there additional issues that should be considered as part of this review?	The Call for Input reflects a range of stakeholder views, but ENA considers that further analysis would be beneficial to determine whether these concerns point to systemic issues warranting broader framework changes. Any concerns should be assessed against evidence of actual harm.
3. Are there relevant experiences, case studies, examples or evidence that would help illustrate these issues or inform this review?	ENA would welcome the opportunity to work with the AER to identify relevant case studies and practical examples that distinguish between competition concerns, cost allocation issues, and service classification questions, to help inform a more targeted review.
4. Do you consider the scope of this review to be appropriate? Are there additional areas of focus that you believe should be included?	ENA considers the current scope may be broader than necessary and could overlap with the ENRR and related rule changes. This review should remain targeted within the guideline's remit of ring-fencing and shared assets.
5. Do you have suggestions on ways that we can make it easier for stakeholders to effectively engage with the review process?	ENA supports targeted workshops, but the AER should also publish a clear problem statement, use worked examples for complex issues, and clearly distinguish what is in scope for this review versus the ENRR.