Contact Officer: Laura Considine
Email: [redacted]

AUSTRALIAN ENERGY REGULATOR

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7 September 2026

Mr Sam Sachse
Acting General Manager
Evoenergy

Sent by email to: [redacted]

Dear Mr Sachse,

Re: Evoenergy ring-fencing waiver application for shared transmission services to support the ACT Government's Big Canberra Battery Initiative

I am writing to inform you that on 7 September 2026, the AER granted Evoenergy a waiver from obligations under clauses 4.2.1(a), 4.2.2(a) and 4.2.3 of the Ring-fencing Guideline (electricity distribution) ('the guideline'). The waiver is limited to Evoenergy's provision of negotiated distribution services to the 250 MW Williamsdale battery energy storage system (BESS) through the dual function assets near Williamsdale and applies until 30 June 2041.

Evoenergy's application

On 12 June 2026, Evoenergy applied for a ring-fencing waiver to enable it to use the same staff, offices, systems and branding that it uses to provide direct control services when providing services to the Williamsdale BESS.

The BESS proponent sought a zero-charge, negotiated arrangement.[1] Evoenergy will provide the services via dual function assets, and clause 6.24.2(c) of the National Electricity Rules requires these negotiated transmission services to be treated as negotiated distribution services. Under the guideline, negotiated distribution services are deemed to be contestable services and functional separation obligations apply.

Evoenergy sought the waiver on the basis that complying with the guideline's functional separation obligations would require it to duplicate staff, offices, systems and branding for the provision of services that can only be provided through its network. Evoenergy argued that this duplication would impose costs without any competition or consumer benefits.

AER assessment

The AER considers that the waiver supports the long-term interests of consumers by avoiding the cost of separate staff, offices and branding, while allowing the BESS to operate within Evoenergy's existing safety, protection and power-quality arrangements.

The BESS is expected to provide system-wide benefits, including frequency support, contingency response and renewable energy firming. It may also reduce peak demand, defer additional reactive power equipment on Evoenergy's and the upstream transmission

[1] The provision of a negotiated transmission service for BESS, including negotiating a zero-charge, is in line with AEMC's 'Integrating energy storage systems into the NEM Determination December 2021'.

networks, and support the ACT's emissions reduction targets by storing renewable energy for peak periods.

The AER considers that the waiver creates no material discrimination risk. Evoenergy alone can provide the shared network services through the dual function assets, so the services are not practically contestable. The BESS proponent is not an affiliated entity of Evoenergy, and pricing and negotiation requirements will continue to apply. Sharing staff, offices, systems and branding therefore provides no competitive advantage to Evoenergy or a related service provider.

The AER is satisfied that cross-subsidisation risks are adequately addressed. The BESS would pay cost-reflective charges under the AER's 2024–29 Negotiated Distribution Service Criteria and Evoenergy's approved negotiating framework. Evoenergy must also comply with AER revenue determinations and its approved Cost Allocation Methodology, with regulatory accounts subject to annual independent audit assurance to prevent inappropriate cost allocation between services.

The AER considers that compliance with the relevant functional separation obligations would provide little or no competition benefit. The services cannot be provided by another party and are integrated with Evoenergy's network functions. Duplicating staff, offices, systems and branding would increase costs without materially reducing discrimination or cross-subsidisation risks. The likely consumer benefits of compliance with the guideline are therefore outweighed by its costs to Evoenergy.

Decision

The AER has decided to grant Evoenergy a waiver from obligations under clauses 4.2.1(a), 4.2.2(a) and 4.2.3 of the guideline until 30 June 2041. The waiver permits Evoenergy to use its existing staff, offices, systems and branding when providing negotiated distribution services to the Williamsdale BESS through the relevant dual function assets. The duration of the waiver aligns with the initial 15-year agreement between the BESS proponent and the ACT Government. Any continuation of the arrangement beyond that date would require further consideration under the guideline.

Compliance and review matters

The AER has broad discretion to review and revoke ring-fencing waivers 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. A minimum of 40 days' notice will be given to Evoenergy that the AER is considering a variation or revocation of this waiver.

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

If you would like to discuss this matter further, or have any questions, please contact Laura Considine, Director of Ring-fencing, on [redacted] in the first instance.

Yours sincerely

[redacted]

Jarrod Ball
AER Board Member

Sent by email on: 07.09.2026