

6 August 2026



[REDACTED]
Executive General Manager Network regulation
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Lodged electronically: [REDACTED]

Dear Ms Kaur

RE: Review of Ring-fencing and Shared Asset guidelines – Call for Input

Origin Energy (Origin) appreciates the opportunity to provide a submission to the Australian Energy Regulator (AER) Review of Ring-fencing and Shared Asset Guidelines – Call for Input.

As our energy system transforms with the uptake of consumer energy resources, neighbourhood batteries and virtual power plants, it is vital that we have a regulatory framework that supports the adoption of new technologies and business models that will allow for a more efficient energy market.

Ring-fencing is a pivotal component of the regulatory framework and is necessary to ensure there is efficient long-term outcomes in the electricity market for consumers. One of the key tenets of ring-fencing is to establish a level playing field for third party providers in new and existing markets for contestable services. This is for good reason. It is an accepted economic principle that competitive markets deliver better long-term outcomes for consumers compared to monopoly providers – this is because it increases choice for consumers, improves the service they receive and puts downward pressure on prices.

For these reasons, we support the AER's review to ensure ring-fencing and cost allocation remain fit-for-purpose, especially the practical application of the framework rather than its overall objectives.

Origin has extensive experience operating in emerging technologies and has experienced first-hand the challenges in navigating the market with new and emerging technologies. While we have provided high level overviews at Attachment A of some of the challenges we have faced, we would welcome the opportunity to discuss these confidentially with the AER.

We also note this review is being considered in the context of the Australian Energy Market Commission's Electricity Network Regulation Review and related rule change proposals. To ensure regulatory consistency and to provide a clear and unambiguous application of ring-fencing we stress the importance that the AER align its scope and timing of its review with these processes.

Our response to stakeholder questions is provided at Attachment A.

If you have any questions regarding this submission, please contact [REDACTED] in the first instance at [REDACTED].

Yours sincerely

[REDACTED]

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 we have not captured?

Origin agrees that the AER has identified the key structural changes underway in distribution networks and the broader energy system. Since the current Guidelines were introduced, the operating environment has also broadened in ways not fully anticipated. Distribution businesses are increasingly engaging with competitive markets through flexible exports, customer energy orchestration and network data services, while growing use of shared digital infrastructure and network assets is creating more complex interactions between regulated and contestable activities.

These developments mean the review is no longer simply about updating existing administrative arrangements. It is also about ensuring the Guidelines continue to support competitive neutrality as new technologies, business models and market participants emerge.

In addition to the issues identified, Origin considers the review should place greater emphasis on the following three areas.

Emerging interactions between regulated and contestable services

Origin considers that as DNSPs take on greater active coordination functions under the distribution system operator (DSO) framework, the boundary between core network operation and contestable activity will become less clear. The review should consider how competitive neutrality can be preserved under these arrangements, as well as when new services emerge more generally.

Access to commercially sensitive information

As distribution businesses collect and use increasing amounts of network data, information management is becoming a more significant aspect of competitive neutrality. Maintaining appropriate safeguards around access to commercially sensitive information that ensures that access is non-discriminatory should be a key consideration of this review.

Operation of shared assets

Cost allocations should not remain static over the life of an asset. As patterns of use change, the allocation of costs and revenues should also be reviewed to ensure regulated customers continue to fund only regulated services. In addition, the current materiality threshold for shared asset revenue sharing requires review in the context of how this allocation potential impact emerging contestable markets. We discuss these issues further at question 3.

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?

Origin considers the concerns identified in the paper are largely symptoms of a broader shift: distribution businesses are interacting with contestable markets more often, through emerging customer energy services, greater use of shared assets, and growing reliance on digital technologies and data. As these interactions increase, maintaining confidence in competitive neutrality becomes more important. The review should therefore consider not only whether individual provisions remain fit for purpose, but whether the overall framework provides clear, practical and proportionate safeguards as these market arrangements continue to change.

Greater emphasis on how the two Guidelines operate together

Origin considers the review should place greater emphasis on the interaction between the Ring-fencing Guideline and the Shared Asset Guideline.

The two Guidelines are intended to operate as complementary parts of the competitive neutrality framework. The Ring-fencing Guideline establishes the governance and behavioural requirements that

separate regulated and contestable activities, while the Shared Asset Guideline provides the framework for allocating costs and revenues where assets are used for both purposes.

As the use of shared infrastructure becomes more common, greater clarity on how the two Guidelines interact would improve consistency and provide greater confidence that regulated customers are funding only regulated services, while contestable activities bear an appropriate share of costs. This integration is particularly important for grid-connected community batteries, which routinely stack regulated network-support functions alongside commercial market trading. Clarifying the structural link between ring-fencing behaviours and shared asset cost allocations will provide greater market confidence that regulated consumers only fund monopoly services, while competitive activities bear their fair share of costs.

The framework should evolve rather than rely on increasing use of waivers

Origin agrees that the increasing reliance on waivers under the Ring-fencing Guideline is an important issue requiring further consideration. Origin's response to Question 3 sets out the evidence supporting this concern and the case for addressing recurring issues through enduring reform rather than repeated case-by-case exemptions.

Greater guidance on practical implementation

Stakeholders are seeking greater clarity on how the Guidelines should operate in practice. Many of the concerns raised during recent consultations relate to the practical application of the framework rather than uncertainty about its overall objectives. Additional guidance on governance arrangements, information management, cost allocation methodologies and compliance expectations would improve consistency across DNSPs and reduce uncertainty for competitive market participants.

For the Shared Asset Guideline specifically, clearer guidance on reassessing cost and revenue allocations over time would improve transparency and reduce uncertainty for DNSPs and market participants.

Overall, Origin considers the Call for Input accurately reflects the principal concerns raised by stakeholders. Addressing these concerns will require closer integration between the two Guidelines, a shift away from case-by-case waivers toward enduring principles, and clearer practical guidance for DNSPs and market participants alike.

Question 3: Are there relevant experiences, case studies, examples or evidence that would help illustrate these issues or inform this review?
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Origin has experience navigating connections and network access as a competitive market participant, the growing use of shared assets, and the increasing reliance on ring-fencing waivers under the current framework. We have set out below several examples where we have had practical issues with ring-fencing. While these are at a high level, we would be happy to meet with the AER to discuss the details of these experiences in a confidential setting.

Emerging customer energy services.

One of the most significant developments has been the rapid growth of customer energy services (CER) that sit at the interface between regulated network functions and competitive markets. These include public EV charging infrastructure, community batteries, flexible export services, customer energy orchestration, network data services and the evolving DSO role.

These services increasingly require coordination between DNSPs and competitive market participants. While the current Ring-fencing Guideline has generally supported this transition, these emerging markets were not as developed when the Guideline was first established. The review provides an opportunity to ensure the framework continues to support innovation while maintaining competitive neutrality as new business models emerge.

Origin's experience in competitive energy markets

Origin's practical experience connecting and optimising batteries, embedded networks, and data centres illustrates how the current regulatory framework constrains competitive outcomes. Even where a DNSP conduct does not breach the Ring-fencing Guideline as currently drafted, impediments remain. Because

Origin lacks visibility into DNSPs' internal decision-making, we cannot verify the drivers behind these outcomes. However, the recurring issues outlined below demonstrate that current functional separation and cost allocation rules fail to provide adequate protection when monopoly networks act as direct competitors to the projects seeking to connect.

Connecting Behind-the-Meter Batteries

Origin frequently seeks to connect commercial behind-the-meter battery projects to help business customers manage their energy loads and reduce emissions. To evaluate project viability and plan investment with confidence, we require transparent data regarding available local hosting capacity and existing connection queues. However, DNSPs routinely provide limited visibility over actual grid capacity and competing connection applications. Furthermore, we have observed a distinct reluctance from networks to progress third-party connection requests in areas where the DNSP has planned its own competing investments, such as a monopoly-proposed community battery. Even if this stems from legitimate network planning rather than deliberate discrimination, the resulting delays discourage private investment and highlight why non-discriminatory access safeguards are essential.

Allocating Costs for Local Substation Upgrades

Origin routinely attempts to connect large-scale flexible assets to the distribution grid under established user-pays connection frameworks, assuming we will only be charged for costs directly created by our project. We have experienced networks advising they are willing to engage, but that the existing regulatory reset process limited their ability to recover the cost of required upgrades or to allocate those costs flexibly across multiple, sequential connections.

Shared assets and cost allocation

Origin also considers the increasing use of shared assets provides important evidence supporting the review of the Shared Asset Guideline.

Communication systems, digital platforms, control systems and other network infrastructure are increasingly used to support both regulated network services and contestable activities. As this occurs, identifying shared assets and allocating costs appropriately becomes progressively more complex.

As outlined in Origin's submission to the AEMC's Electricity Network Regulation Review, cost allocations should not remain static over the life of an asset. As patterns of use change, the allocation of costs and revenues should also be reviewed to ensure regulated customers continue to fund only regulated services while contestable activities bear an appropriate share of costs consistent with user-pays principles. Providing clearer guidance on when and how these allocations should be reassessed would improve transparency and reduce uncertainty for both DNSPs and market participants.

The current materiality threshold for shared asset revenue sharing is set at 1 per cent of a DNSP's expected annual revenue. For example, in its final decision on Energex's 2025–30 revenue determination, the AER confirmed that Energex's unregulated revenues fell below this 1 per cent threshold in every year of the period, and so no shared asset revenue adjustment was applied.¹ Based on Energex's approved annual expected revenue, this threshold equates to approximately \$16.5 million in 2026–27 alone.² A threshold of this scale allows a DNSP to retain a significant amount of unregulated revenue from shared assets each year before any obligation to share benefits with regulated customers is triggered, regardless of how that revenue is generated. This risks undermining the core purpose of the Shared Asset Guideline, which is to ensure consumers receive an appropriate share of benefits where regulated assets are used to generate unregulated revenue.

Origin recommends the AER review whether a materiality threshold expressed as a fixed percentage of total expected revenue remains appropriate, particularly for large DNSPs where even a small percentage represents a substantial dollar amount. The AER should consider whether an absolute dollar cap, a lower percentage threshold, or a tiered approach would better ensure that unregulated revenue from shared assets is shared with consumers in a manner proportionate to its actual scale.

¹ AER, Final Decision: Energex distribution determination 2025–30 – Attachment 1 – Annual revenue requirement, April 2025, p. 9.

² Ibid, Table 1.1, p. 2.

Experience with the current regulatory framework

Origin also considers the increasing reliance on ring-fencing waivers provides evidence that aspects of the current framework are being tested by changing market conditions.

On the growing use of waivers, the number of matters assessed by the AER has risen sharply in recent years, from 10 in 2022 to 19 in 2025, roughly double the annual average of the three years before it.³ This differs from the 2017–2021 period, when around 80 per cent of waivers related to one-off transitional arrangements, almost all of which have since expired. The current wave instead spans ongoing commercial and technology-driven matters, including batteries, community energy projects, telecommunications and EV charging infrastructure, suggesting waivers are increasingly being relied on as a standard mechanism rather than reserved for genuinely exceptional circumstances.

Waivers remain an appropriate mechanism for addressing genuinely exceptional circumstances. However, where similar waiver applications continue to arise across multiple DNSPs, this suggests some aspects of the framework may no longer reflect current technologies or operating models. As Origin noted in its submission to the AEMC's Review, recurring issues should ultimately inform broader regulatory reform rather than continue to be addressed through repeated case-by-case exemptions.

International experience also supports this approach. In 2025, Ofgem commenced a review of the financial ring-fence licence conditions applying to electricity and gas network businesses in Great Britain to ensure they remain "fit for purpose now and remain so as the environment changes."⁴ The review recognises that as markets evolve, ring-fencing arrangements also need to evolve to maintain financial resilience, protect consumers and preserve confidence in competitive markets.

Overall, Origin considers these examples demonstrate that the Guidelines should continue to evolve alongside changes occurring across electricity markets. The review should ensure the framework remains practical, proportionate and capable of preserving competitive neutrality while supporting efficient investment and innovation throughout the energy transition.

Question 4: Do you consider the scope of this review to be appropriate? Are there additional areas of focus that you should believe should be included?
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It is important that the review maintain the distinction between matters that fall within the AER's responsibility for administering the Guidelines and the broader policy issues are being considered through the AEMC's Electricity Network Regulation Review.

The AER's review should focus on improving the operation and implementation of the existing framework, while more fundamental questions about service classification, the appropriate role of DNSPs in contestable markets and the regulatory boundary between monopoly and competitive services are more appropriately addressed by the AEMC.

While Origin supports the overall scope of the review, we consider there are several areas where the review could place greater emphasis.

The interaction between the two Guidelines

Origin considers the review should place greater emphasis on how the Ring-fencing Guideline and Shared Asset Guideline operate together, given decisions made under one Guideline can directly affect the operation of the other.

Practical implementation

The review should place weight on the practical application of the Guidelines rather than their underlying objectives, which are generally well understood. In addition, the review should consider whether there are

³ AER, Call for input – Review of the Ring-fencing guideline (electricity distribution) v4 & Shared Asset Guideline v2, 25 June 2026

⁴ Ofgem, Energy Networks Ring-fence Review, 12 November 2025.

opportunities to improve transparency around how the AER administers the Guidelines, including the application of waiver criteria and the factors considered when assessing compliance with the Shared Asset Guideline.

Keeping the framework fit for purpose

It is important that the Guidelines remain sufficiently flexible to accommodate future technologies, business models and market developments without requiring frequent amendments or increasing reliance on waivers.

Rather than responding to individual technologies as they emerge, the Guidelines should establish enduring principles that can be applied consistently across different services and market arrangements. This will help maintain regulatory certainty while allowing the framework to evolve alongside the energy transition.

Origin also considers there would be value in establishing a more structured approach to monitoring how the Guidelines operate over time. As electricity markets continue to evolve, periodic review of recurring implementation issues, waiver applications and shared asset arrangements would help identify where updates are required before significant issues emerge.

Alignment with broader reforms

The AER's review should remain closely aligned with the outcomes of the AEMC's Electricity Network Regulation Review.

Origin's submission to the AEMC recommends that enduring principles relating to service classification, competitive neutrality and the role of DNSPs in contestable markets should ultimately be reflected in the National Electricity Rules (NER), with the Ring-fencing Guideline providing the detailed implementation requirements. The AER's review should therefore be sufficiently flexible to incorporate any broader reforms that emerge from the AEMC's review and avoid creating inconsistencies between the NER and the Guidelines.

Overall, Origin considers the proposed scope is appropriate, focusing on matters within the AER's remit while leaving broader policy questions to the AEMC's review. Within that scope, the priorities are closer integration between the Guidelines, practical implementation guidance, and sufficient flexibility to accommodate the AEMC's eventual reforms.

Question 5: Do you have suggestions on ways that we can make it easier for stakeholders to effectively engage with the review process?

Given the breadth of issues being considered, and the interaction between this review and the AEMC's Review, Origin considers there are several opportunities to further improve stakeholder engagement.

Continue coordinating with the AEMC's review

The AER and AEMC reviews are considering closely related issues, including the future role of DNSPs, competitive neutrality and the regulatory framework governing interactions between regulated and contestable services.

The AER should continue to coordinate closely with the AEMC throughout both review processes. This includes clearly identifying which issues are within the scope of the AER's Guidelines and which are more appropriately addressed through amendments to the NER. Doing so will reduce duplication, allow stakeholders to target their submissions more effectively and help ensure the two reviews produce complementary outcomes.

Increase transparency throughout the review

Origin considers stakeholders would benefit from greater visibility of how consultation feedback is informing the review.

As consultation progresses, the AER could publish summaries of the key themes emerging from submissions, identify areas where there is broad stakeholder agreement, highlight issues where views

differ, and explain which matters it intends to explore further. Providing this information would allow stakeholders to focus future submissions on the issues that genuinely require further consideration, rather than revisiting matters where there is already broad consensus.

Similarly, once draft amendments are released, it would be helpful for the AER to explain how stakeholder feedback has influenced the proposed changes and, where suggestions have not been adopted, the reasons for those decisions. This would improve transparency and provide stakeholders with greater confidence in the review process.

Focus on practical implementation

Many of the issues raised by stakeholders relate to how the Guidelines operate in practice rather than their underlying policy intent.

Origin therefore encourages the AER to engage with stakeholders on implementation issues before finalising any amendments. For example, workshops or targeted discussions on draft proposals would provide an opportunity to test whether proposed changes are practical, proportionate and capable of being implemented consistently across different DNSPs.

Practical engagement will also help identify unintended consequences early, particularly where proposed amendments affect governance arrangements, information management, shared assets, cost allocation methodologies or compliance processes.

Use practical examples and case studies

The Ring-fencing Guideline and Shared Asset Guideline are complex documents that are often applied to novel commercial arrangements.

The revised Guidelines would benefit from additional examples illustrating how the AER expects particular provisions to operate in practice including examples covering common scenarios, such as shared asset arrangements, affiliate interactions, access to commercially sensitive information, emerging customer energy services and cost allocation methodologies, would improve consistency of interpretation and assist both DNSPs and market participants in understanding their obligations.

Providing practical guidance alongside the regulatory requirements would also reduce the need for future clarification requests and waiver applications.

Allow adequate time for implementation

Finally, Origin encourages the AER to allow sufficient time for stakeholders to consider both draft amendments and implementation requirements.

Changes to the Guidelines may require DNSPs and market participants to review governance frameworks, internal compliance procedures, cost allocation methodologies, reporting arrangements and information management systems. Allowing adequate time for consultation, refinement and implementation will improve the quality of stakeholder feedback and support more consistent application of the revised framework across the industry.

Overall

Origin considers the AER has adopted an appropriate consultation approach and supports the staged review process. Continued coordination with the AEMC, greater transparency throughout the review, and a strong focus on practical implementation will help ensure that any amendments to the Guidelines are workable, proportionate and capable of preserving competitive neutrality as electricity markets continue to evolve.