

2 Lonsdale Street
Melbourne VIC 3000

GPO Box 3131
Canberra ACT 2601

www.aer.gov.au

Contact Officer: Laura Considine

Contact Phone: [REDACTED]

Email: [REDACTED]

26 October 2026

Lauren Fetherston
Head of Regulatory Policy and Compliance
CitiPower, Powercor and United Energy (CPU)

Sent by email to: [REDACTED]

Dear Ms Fetherston,

Re: CPU's ring-fencing waiver application for negotiated distribution services

I am writing to inform you that on 26 October 2026, the AER granted CitiPower, Powercor and United Energy (CPU) a waiver to obligations under clauses 4.2.1 and 4.2.3 of the Ring-fencing Guideline (electricity distribution) ('the guideline') until 30 June 2031. This waiver allows CPU to use existing offices, systems and customer-facing channels to provide distribution asset rental for Electric Vehicle Charging Infrastructure (EVCI) and Hot Water Switching Services (HWSS).

CPU's application

On 10 August 2026, CPU applied to the AER for a ring-fencing waiver for the provision of distribution asset rental services for EVCI and HWSS. CPU sought a waiver from obligations under clauses 4.2.1 (physical separation/co-location) and 4.2.3 (branding and cross promotion) of the guideline.

CPU proposed that the waiver commence on the date granted and continue for so long as CPU offer EVCI and HWSS as negotiated distribution services in the manner described in their application, or until the guideline is amended to specifically address the functional separation (if any) that should apply between a DNSP's negotiated distribution services and its other direct control services, whichever occurs first.

CPU proposed to deliver the proposed services through an internal related electricity service provider (RESP), a separate internal team with dedicated staff located on a separate floor from the teams that deliver the network's regulated direct control services. It proposed that this internal team will continue to be located at the same office and be promoted to customers through the network's existing websites and customer portals, being the same online channels used for standard connection applications.

CPU submitted that providing the proposed services under the guideline would result in duplicative costs, with no corresponding benefit to customers, and create customer confusion with separate branding and promotion channels. CPU noted that without a waiver

it may consider delaying or reconsidering the rollout of these services, affecting their availability to Victorian electricity customers.

AER assessment

The AER considers granting this waiver aligns with the principles of the NEO, as it will promote efficient investment in, and efficient operation and use of, electricity services for the long-term interests of consumers with respect to price, quality, safety, reliability and security of supply, while supporting broader electrification objectives.

Facilitating efficient deployment of EVCI on distribution poles and HWSS that manage hot water flexibility may assist customers to reliably access electricity services that meet their changing needs. Granting the waiver promotes efficiency for CPU to provide the services, while avoiding the costs associated with operating from a separate premises, and establishing and maintaining a separately branded website with different customer portals. These costs could be ultimately borne by customers through higher negotiated-service charges or increased operating costs.

We consider that for the HWSS there is minimal, if any, impact on competition given we have not identified any equivalent competing providers. However, for the provision of pole access for EVCI, we consider there to be some level of discrimination risk, which could ultimately affect competition, given CPU could potentially provide preferential connections treatment to itself or related parties in delivering its EVCI trial under its existing [ring-fencing waiver](#).

To mitigate potential discrimination risks, the AER considers it is necessary to impose a waiver condition requiring CPU to process negotiated service applications in the order received and on the same basis as standard connection applications, with no favour to a related party or to CPU in the exercise of its EVCI trial. This condition reflects the commitment expressed by CPU in its waiver application, whilst specifically preventing preferential treatment of its own EVCI connections in relation to its EVCI trial. The condition is intended to support the obligation not to discriminate, which is established in clause 4.1 of the guideline.

Waiver decision and duration

Our decision is to grant CPU a ring-fencing waiver until 30 June 2031 from obligations under clauses 4.2.1 and 4.2.3 of the guideline, to allow it to provide distribution asset rental for EVCI and HWSS, subject to the following condition:

“CPU must process negotiated service applications in the order received and on the same basis as standard connection applications, with no favour to a related party or to CPU in the exercise of its EVCI trial”.

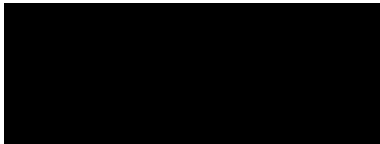
Under the guideline, the AER may set waiver durations on a case-by-case basis without a maximum term, including beyond the next regulatory control period where appropriate. The AER has decided that the waiver will expire on 30 June 2031, aligning with CPU’s regulatory control period for which the services are classified as negotiated distribution services. The AEMC’s Electricity Network Regulation Review and the AER’s ongoing ring-fencing guideline review may affect the future regulatory treatment of these services.

Compliance and review matters

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

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

Yours sincerely



Jarrod Ball
AER Board Member

Sent by email on: 26.10.2026