

Level 17, Casselden
2 Lonsdale Street
Melbourne Vic 3000
GPO Box 520
Melbourne Vic 3001
tel: (03) 9290 1800
fax: (03) 9663 3699
www.accc.gov.au

Our Ref: 61887, D17/147875
Contact Officer: Moston Neck
Contact Phone: 07 3835 4669

18 December 2017

Ms Jenny Doyle
General Manager Regulation and Pricing
Energy Queensland
By email: jenny.doyle@energyq.com.au

Dear Ms Doyle

Notice of ring-fencing waiver: Ergon Energy - Ring-fencing waiver application - August 2017

The AER issues this notice pursuant to clauses 5.3.1 and 5.7(b) of the AER Electricity Distribution Ring-fencing Guideline, October 2017 (the Guideline).

The AER grants a waiver of Ergon Energy's obligation to comply with clauses 3.1, 4.2.1, 4.2.2 and 4.2.3 of the Guideline from 18 December 2017 until 30 June 2020 in relation to the following services:

- emergency recoverable works
- public lighting and nightwatchman lights
- high load escorts
- property services
- network related training courses
- rental and hire services
- sale of inventory.

The AER also grants a waiver of Ergon Energy's obligation to comply with clause 3.1 of the Guideline from 18 December 2017 until 30 June 2018 so that Ergon Energy may novate existing contracts for other services to its affiliated entity.

The AER also grants a waiver of Ergon Energy's obligation to comply with clause 4.2.3 of the Guideline from 18 December 2017 until 30 June 2025 (or at the event of legislative change that removes EEQ's inability to offer market contracts to all market customers in Queensland, whichever comes first) to allow Ergon Energy to continue to use the Ergon Energy brand for its retailer, Ergon Energy Queensland (EEQ). This is on the condition that

Ergon Energy will restrict the use of the EEQ brand to services that relate to the provision of standard retail contracts in the Ergon Energy distribution network. Behind-the-meter contestable services are specifically excluded from this waiver and must have separate branding from Ergon Energy, such that no reasonable person would infer that Ergon Energy and any affiliated entity delivering contestable services are related.

The AER also grants a waiver of Ergon Energy's obligations under clauses 4.2.1(a), 4.2.2(a) and 4.2.3(a) of the Guideline from 18 December 2017 until 30 June 2025 to allow the offices at Mareeba and Charters Towers to be classified as regional offices for the purposes of the Guideline.

The AER also grants a waiver of Ergon Energy's obligation to comply with clauses 3.1(b), 4.2.1(a), 4.2.2(a) and 4.2.3(a) of the Guideline from 18 December 2017 until 30 June 2025 to continue to offer generation, distribution and retail services using the Ergon Energy brand and Ergon Energy staff in remote areas of Queensland.

The AER also grants a waiver of Ergon Energy's obligation to comply with clause 4.2.3 of the Guideline from 18 December 2017 until 31 December 2019 to continue to use Ergon Energy branding on uniforms and fleet used in the provision of the following other services and unregulated distribution services:

- type 1-4 metering services
- test, inspect and calibrate services
- contracting services to other network service providers
- operation and maintenance of customer assets
- equipment services
- construction and maintenance of modular substations
- training to external parties - network related training courses.

The AER also grants a waiver of Ergon Energy's obligation to comply with clause 4.2.3 of the Guideline from 18 December 2017 until 30 June 2025, or upon expiration of contract if sooner, in relation to the provision of a connection service under long-term contract to Hayman Island.

The AER expects Ergon Energy to comply with the Guideline in all other circumstances, and in all other respects.

Ergon Energy is required by clause 5.7 of the Guideline to include this waiver on its waiver register, which must be publicly available on Ergon Energy's website.

Yours sincerely



Scott Sandles
A / General Manager
Networks

Sent by email on: 18.12.2017