



Mr Chris Pattas
General Manager, Networks
Australian Energy Regulator
By email: ringfencingguideline2016@aer.gov.au

16 November 2016

Dear Mr Pattas,

Re Exposure Draft: Electricity Distribution Ring-fencing Guideline

AGL welcomes the opportunity to comment on the Exposure Draft of the Electricity Distribution Ring-fencing Guideline (**Exposure Draft**), November 2016, released by the Australian Energy Regulator (**AER**).

Throughout the public consultation process for a revised, nationally consistent ring-fencing guideline, AGL has made clear what we consider to be an appropriate and necessary regime for the ring-fencing of monopoly electricity distribution networks in the long-term interests of consumers. The Exposure Draft does not reflect all of these positions and has in fact introduced further scope for waivers than was proposed in the draft guideline published in August 2016.

AGL does not support these changes and, with the delayed publication of an explanatory statement, we are unable to consider the AER's rationale for making them. It also means we are unable to propose alternative means of addressing the relevant concerns that might not represent such a fundamental shift away from the draft determination to altogether prohibit waivers from legal separation and cross-branding obligations.

The decision to expand the scope for waivers only enhances the criticality of a highly transparent process for waiver application and grant. All waiver applications and grants (including reasons) should be published so that interested stakeholders can monitor the volume of waivers being granted and to allow increased scrutiny of waiver applications. Without this degree of procedural transparency, confidence in the waiver process and the guideline more generally risks being seriously undermined.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Stephanie Bashir".

Stephanie Bashir
Head of Policy & Regulation New Energy