



15 August 2017

Mr Chris Pattas
General Manager, Networks
Australian Energy Regulator
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Melbourne VIC 3001

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Dear Chris

Re: Draft Amended Ring-fencing Guideline

AusNet Electricity Services Pty Ltd (**AusNet Services**) is pleased to have the opportunity to provide a submission on the draft amendment to the Australian Energy Regulator's (AER) ring-fencing guideline for Distribution Network Services Providers (DNSPs). We understand that this amendment process is only intended to address the need for improved clarity and to address unintended consequences stemming from the way the Guideline was drafted. As such, the AER is not intending to reconsider the scope or intent of the Guideline or to look at any broader changes. Accordingly, we have limited our response to those issues specifically raised in the AER's draft amendment.

The Draft Amended Ring-fencing Guideline and accompanying Explanatory Statement addressed a number of concerns put forward by AusNet Services. Including, among other important clarifications, changes to the definition of related electricity service provider and scope of corresponding branding and promotion restrictions.

Without these revisions to the guideline, AusNet Services would have been forced to create an entirely new brand for direct control services and undertake an extensive and costly re-branding and separation exercise. The AER acknowledged that this was not the intention of these provisions and has adjusted the ring fencing guideline to clarify this.

AusNet Services supports the changes that the AER has made in its draft amendment and consider that they are sensible and modest refinements to the ring-fencing guideline. Importantly, the changes do not undermine the objective to provide a level playing field for third party providers, while reducing the costs of achieving compliance with the Guideline.

AusNet Services submitted its ring-fencing compliance plan to the AER at the end of July. We have already undertaken a considerable amount of work to ensure we can achieve compliance with the amended ring-fencing guideline and the compliance plan sets out the steps we are taking to implement the necessary changes.



We would be pleased to discuss this submission with you in more detail. Please feel free to contact Michael Larkin on (03) 9695 6346 or michael.larkin@ausnetservices.com.au should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Hallam", is positioned below the "Sincerely," text.

Tom Hallam
General Manager, Regulation and Network Strategy
AusNet Services