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13 November 2017

Ms Michelle Groves  
Chief Executive Officer  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001

Dear Ms Groves,

### **Submission on AER's Draft Ring-fencing Waiver Applications**

Ausgrid appreciates the opportunity to respond to the AER's Draft Determination issued on 18 October 2017 in relation to Ausgrid's application for three waivers from certain of the requirements of the Ring-fencing Guideline (the Guideline).

Ausgrid notes the AER's draft decision to grant waivers to the first two of our applications, those being an 18 month waiver to allow treatment of certain services as if the service classifications anticipated to apply from the next regulatory control period were in operation; and a six month waiver from legal separation for Ausgrid to provide Other Services while resourcing issues for our Affiliated Entity are resolved. We also note the AER's conditions and/or comments in relation to these two draft decisions.

The AER proposes NOT to grant exemption from the obligations under clauses 3.1, 4.2.1, 4.2.2 and 4.2.3 (being respectively legal separation, physical separation/co-location, staff sharing and branding and cross-promotion) in relation to supply restoration services for non-life support customers. This submission responds to the draft decision not to grant the last of Ausgrid's waiver applications.

Ausgrid is concerned that the AER's draft decision in this area poses a genuine risk to a wide array of customers. While exceptions have been made for simple restoration of supply in relation to supply to the life support equipment of life support customers, there are a number of scenarios and customer types outside of the life support classification whereby waiting until the next business day or even longer, will represent varying degrees of hardship for those customers. There are a significant number of customers who can be deemed vulnerable, such as the aged and/or mobility impaired, who do not possess life support equipment.

We note the AER's assessment of such situations as "inconvenience" for the customer, and that the simple remedy is for Ausgrid to address this by staff training. It is Ausgrid's operating experience that in such circumstances affected customers can and do become both anxious and are also often demanding.

While customers in high density population centres do have ample access to other service providers for restoration of supply, even in those cases a minimum of next day is the most likely delivery scenario, plus the attendant inconvenience of the delay. Of greater concern, there are a significant number of customers in rural locations within Ausgrid's network area who rely more heavily on such services being provided by Ausgrid where there may be no local ASP at all.

Ausgrid's waiver application also makes the point that the National Electricity Objective will be further enhanced by granting of this waiver since it will promote efficient operation of the network for the long term interests of all customers with respect to the price, reliability and security of supply, by ensuring that restoration "*is provided in the quickest and most efficient way.*" This point has not been addressed in the draft decision.

Ausgrid is concerned that the draft decision to deny this particular waiver has not taken sufficient account of the genuine hardship and inconvenience that its implementation will cause a large number of vulnerable customers, instead giving priority to the broad notion of increasing competition which of itself is designed to benefit customers. In the case of simple restoration work Ausgrid contends that, for rural customers, not granting this waiver will have the opposite effect.

Regards,

A handwritten signature in black ink, appearing to be 'R. Lewis', with a long horizontal line extending to the right.

**Rob Amphlett Lewis**

Executive General Manager  
Strategy & Regulation