



9 November 2017

Mr Moston Neck
Director Network Regulation
Australian Energy Regulator
400 George Street
Brisbane, QLD, 4000
By email: ringfencing@aer.gov.au

Dear Mr Neck

Ring fencing waivers draft decision

CitiPower, Powercor and United Energy welcome the opportunity to respond to the Australian Energy Regulator's (AER) draft ring fencing waiver decision.

In the draft decision, the AER approved waivers enabling:

- us to continue providing a selection of negotiated and unclassified services until the end of the current regulatory control period;¹
- the continued use of the Powercor Network Services brand until 31 December 2019;² and
- use of the CitiPower and Powercor brand for field services until 31 December 2019.³

These waivers come with conditions outlined in the AER's draft decision.

The AER has shortened the proposed branding waivers' durations by one year. This will impact on our waiver implementation plan by, for example, requiring us to retire existing Powercor Network Services' uniforms earlier than planned, and leaving us with little or no time to manage any supply chain delays.

To comply with the revised timeframe we will need to begin the re-branding processes in parallel with finalising the implementation activities discussed in our compliance strategy and developing a new compliance assessment framework (including seeking feedback from the AER and appointing independent assessors). We note Victorian distributors' compliance reports are due before distributors' in other states.

The revised timeframe will be challenging, however, we have a strong governance structure in place to implement the ring fencing guidelines.⁴ We therefore believe we will be able to meet the revised timeframes and we accept the AER's draft waiver decision.

¹ CitiPower's and Powercor's waivers are from physical separation, staff sharing and branding restrictions. United Energy's waiver is also from the conduct of service provider restriction.

² This is a waiver from branding and cross promotion restrictions.

³ This is a waiver from branding and cross promotion restrictions.

⁴ These governance structures are described in our compliance strategy.

REGISTERED OFFICES

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We would be pleased to discuss any aspect of this letter with the AER. Please contact Frans Jungerth on 03 9683 2022 or fjungerth@powercor.com.au.

Yours Sincerely

A handwritten signature in blue ink that reads "Brent Cleeve". The signature is written in a cursive, flowing style.

Brent Cleeve
Head of Regulation