

23 September 2019

Ms Sarah Proudfoot  
General Manager  
Australian Energy Regulator  
GPO Box 520  
MELBOURNE VIC 3001

Submission via email: [ringfencing@aer.gov.au](mailto:ringfencing@aer.gov.au)

Dear Ms Proudfoot

**RE: SUBMISSION TO THE AER: ELECTRICITY DISTRIBUTION RING-FENCING GUIDELINE REVIEW  
(RESPONSE TO STAKEHOLDER WORKSHOP 28-29 AUGUST 2019)**

Endeavour Energy welcomes the opportunity to provide written submission in response to the AER's review of the Distribution Ring-Fencing Guideline. We support the review of the Guideline and were pleased to engage with the AER at the stakeholder workshop held in Sydney on 28 August 2019.

Endeavour Energy is keen to see the AER clarify and strengthen some obligations within the Guideline and to review requirements to make compliance less administratively complex for ring-fencing.

The stakeholder workshop slides released by the AER for consultation on 28-29 August have been reviewed in detail in conjunction with a working group organised by Energy Networks Australia (ENA) and Endeavour Energy fully supports the group submission being made by the ENA which address all aspects of the Guideline currently under consideration.

We would like to reiterate the key messages put forward in the submission:

- Distribution networks support ring-fencing and the important role it plays in preventing cross-subsidies and discriminatory behaviour.
- Independent assessors should be able to rely on the audit report of the financial statements in determining compliance with the cost allocation obligations in the Ring-fencing Guideline.
- Refining the definition of 'electricity information' will more appropriately identify staff that should not be shared between the network and an affiliated entity.
- Ring-fencing obligations should only be imposed where the benefits to competition outweigh the cost to consumers for implementing and maintaining the controls, particularly where measures are being implemented to address a perceived risk rather than actual harm.
- Customers must remain the focus of the Guideline – promoting a competitive market should not be to the detriment of the customer experience or outcome.

In addition, we would like to reinforce our suggested request for compliance reporting to be undertaken on a calendar year basis rather than a financial year basis. This is detailed in the ENA's submission.

Endeavour Energy is committed to meeting its regulatory obligations. In this regard, Endeavour Energy welcomes further engagement prior to the publication of the draft Guideline in October 2019.

Should the AER have any questions on this matter further, please contact Fiona Place, Senior Regulatory Compliance & Reporting Analyst on (02) 9583 6302 or alternatively via email at [ringfencing@endeavourenergy.com.au](mailto:ringfencing@endeavourenergy.com.au).

Yours sincerely



Jon Hocking  
Manager Network Regulation