

Energy Consumers Australia

Energex Application for Ring Fencing Waiver

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Energex Limited has written to AER applying for a ring-fencing waiver in relation to its three BESS pilot projects.

The basis of the application is similar to the application made by Ergon for its GUSS project and ECA draws the arguments made in its submissions on that application to the attention of the AER.

ECA submits that the long term interest of consumers is best served by the strict separation of natural monopoly network businesses from all contestable services and that ring-fencing is also not an adequate remedy.

The case made by Energex for the waiver is deficient. In particular we draw the AER's attention to the following.

1. The alternative solution of contracting a third party to provide the services has not been addressed in the application.
2. The determination of whether a business is engaged in producing electricity does not depend upon whether the firm is doing so to make a profit.
3. The suggestion that "to the extent that there is any export of energy, customers will be the beneficiaries through reduced losses" does not equate to the operation being only part of carrying on a distribution business.

For the same reasons as outlined at length in our submission on the Ergon draft decision, ECA submits that the application for waiver should be denied.