



Part of Energy Queensland

9 December 2022

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Australian Energy Regulator  
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Dear Ms Park

**RE: Submission to AER Draft Network Exemptions Guideline**

Ergon Energy Corporation Limited (Ergon Energy Network) and Energex Limited (Energex), both distribution network service providers (DNSPs) operating in Queensland, welcome the opportunity to provide feedback to the Australian Energy Regulator (AER) in response to the draft Network Exemptions Guideline version 7 (draft Guideline).

The draft Guideline sets out the requirements for generating systems above 5 MW and the need to engage with the Australian Energy Market Operator (AEMO). However, Ergon Energy Network and Energex are concerned that generating systems less than 5 MW connected to an embedded network are not required to comply with the relevant DNSPs connection requirements. As such, Ergon Energy Network and Energex request that the draft Guideline explicitly reference, regardless of the size the generating system, that consultation with the DNSPs must be undertaken to ensure compliance with any relevant performance standards.

Ergon Energy Network and Energex are also concerned that Condition 5.2.1 “External Network Charges”, which provides ‘*An Exempt Embedded Network Service Providers (EENSP) may impose an agreed cost to establish or upgrade a network to meet customer requirements. This may be passed through to the customer in accordance with a bona fide lease or ancillary agreement between the EENSP and network customer. This cost may be subject to normal commercial financing arrangements<sup>1</sup>.*’, does not adequately capture all associated augmentation and extension costs of the embedded network. In our experience, embedded networks often ask to replicate our service classification as it relates to extension and augmentation costs. However, each DNSP have different revenues and cost recovery mechanisms, as such, Ergon Energy Network and Energex

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<sup>1</sup> [Australian Energy Regulator, Draft Network Exemption Guidelines \(version 7\) p. 58](#)

consider that the draft Guidelines should provide more direction for EENSPs on how to recover costs associated with extensions and augmentations.

Should the AER require additional information or wish to discuss any aspect of this submission, please contact either myself, or Tammara Scott on [REDACTED].

Yours sincerely

[REDACTED]

Alena Christmas  
**Acting Manager Regulation**

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