Dear Mr Warwick Anderson

General Manager – Network Finance and Reporting Australian Energy Regulator GPO Box 3131 Canberra ACT 2601

 On 29 October 2015, AER received an application from Ergon Energy for a waiver from section 1(b) of the Queensland Ring Fencing Guidelines (the Guidelines).

<https://www.aer.gov.au/networks-pipelines/guidelines-schemes-models-reviews/ring-fencing-waivers/ergon-energy-ring-fencing-waiver-2015>

<https://www.aer.gov.au/communication/ergon-energy-ring-fencing-waiver-application-request-for-submissions>

In effect this gives S&C Electrical a monopoly on Ergon Energy’s Grid Utility Support System (GUSS) units incorporating battery storage.

I approached Ergon Energy about a demand management solution inside their SWER ring fence. Why isn't competition allowed inside Ergon Energy’s SWER ring-fence?

My concerns go beyond mere contestability and fair trading for Australian businesses.

1. Ergon is acting to preserve their boundary of edge of grid in total defiance of a trend to shrink the grid back from the edges. Western Power specification has sites (5 to 10) are within 150 kilometres of  Ravensthorpe, WA for which they tendered for standalone power. I'm aware of a similar location in Tasmania’s highlands where TasNetworks would like to do similar.

2.  Ergon is acting without consideration of there needs of broader SWER installed in NEM. To reduce the future risk of power-related fires e.g. the early 2009 Black Saturday fires,  the Royal Commission's final ... the progressive replacement of all SWER (single-wire earth return) power lines in Victoria with aerial bundled..(see pdf attached). An electrical protection solution exists to HiZ earth faults yet no funding availability for innovation of electricity safety device (see HiZ attachment ).

3. Is it affordable? If yes, customers pay in accordance with NEM principles --- not utility. Otherwise, its a subsidy pure and simple. The entire SWER network in NEM should be ringfenced anf receiving appropriate innovation not just lone-wolf Ergon as an adjunct to their business.

Yours sincerely

Marcus Steel

Principal Application Engineer

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