

Ms Angela Bourke  
General Manager Consumer and Markets Branch  
Australian Energy Regulator  
GPO Box 520  
Melbourne, VIC, 3001

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

## Re: Review of the Transmission Ring-fencing Guideline

Dear Ms Bourke,

The request from Energy Networks Australia to delay the review of Ring-fencing guidelines should not be supported. The material published by the AER does not provide any information on the current ring-fencing issues for TNSPs.

In 2016 The AER developed a national Electricity Distribution Ring-fencing Guideline, and commenced monitoring distributor ring-fencing compliance in 2018. The National Electricity Rules requires that the AER consider alignment between the ring-fencing guidelines for electricity distribution and transmission businesses<sup>1</sup>.

It should be noted that on 21 March 2019, the AER published its first Annual Ring-fencing Compliance Report<sup>2</sup> and that:

*"The report finds that distributors were often not compliant with their Ring-fencing obligations"*

This does not provide a solid basis for the ENA to pursue a delay in a review for TNSPs, nor for the AER to accept it.

The AER should be guided by the National Electricity Objective (NEO) not the timing preferences of regulated monopolies. If you choose to accept this proposal, the AER must be able to demonstrate why it is in the long-term interests of consumers to do so.

At a time when significant investment in Transmission is being proposed via AEMO's Integrated System Plan and rule changes afoot to 'fast track' certain Group 1 and Group 2 projects, it seems that accelerating the review of ring-fencing is more likely to advance the consumer interest (ie. prior to investments occurring) than delaying it.

Sincerely,



Dr Andrew Nance

03 April 2019

---

<sup>1</sup> NER, cl.6A.21.2(c)(2).

<sup>2</sup> <https://www.aer.gov.au/networks-pipelines/compliance-reporting/annual-ring-fencing-compliance-report-2017-18>