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Our Ref: 62887
Contact Officer: Moston Neck
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16 May 2019

Andrew Dillon
Chief Executive Officer
Energy Networks Australia
Unit 5, Level 12, 385 Bourke Street
MELBOURNE VIC 3000

Dear Mr Dillon

Re: Transmission Ring-fencing Guideline Review

I refer to your letter of 7 March 2019 and your request that we delay our review of the Electricity Transmission Ring-fencing Guideline (Guideline) until at least 2020. I acknowledge your concerns regarding the range of reforms affecting the regulatory framework for transmission. I also appreciate that rules relating to Transmission Connection and Planning Arrangements that came into effect 1 July 2018 and, to a degree, address issues that may otherwise have been considered by the ring-fencing guideline review.

As advised, we published your letter and invited submissions from stakeholders to understand the potential impacts of delaying this review. We wanted to allow stakeholders an opportunity to highlight any concerns with, or support for, such a delay to inform our decision on the timing of this work. We received three submissions, two opposed to and one in support of the proposal to delay the review. Two of these submissions will be published on our website shortly. One submissions is confidential and will not be published.

Having considered your letter and the submissions received, we have decided to amend the timetable of our review of the Guideline. The Guideline review is important for the overall integrity of the regulatory framework and I do not consider that delaying the commencement of the review to 2020, as suggested in your letter, is in the interests of consumers. We will commence the review later this year with an expected conclusion in late 2020. As such, we consider this strikes an appropriate balance, by providing an opportunity for the frameworks around the Integrated System Plan and Coordination of Generation and Transmission Investment to be progressed, while also enabling timely stakeholder input into the Guideline review process. We will shortly publish a timeline for the review on our website.

I anticipate the objectives and regulatory principles that underpin the Distribution Ring-fencing Guideline in 2016 will inform our approach to the review of the Transmission Ring-fencing Guideline. This would be in keeping with clause 6A.21.2(c)(2) of the National

Electricity Rules, that requires us to consider the need for consistency between the Transmission and the Distribution Ring-fencing Guidelines.

I look forward to consultation with ENA in our review of transmission ring-fencing. If you have questions, please contact Moston Neck on 07 3835 4669.

Yours sincerely

A handwritten signature in blue ink, consisting of a stylized 'P' followed by a cursive 'C' and a long horizontal stroke.

Paula Conboy
Chair
Australian Energy Regulator

Sent by email on: 16.05.2019