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Contact Officer: Jacque Shannon
Contact Phone: [REDACTED]

13 February 2024

Hilary Priest
Acting Head of Regulatory Affairs
Essential Energy

Sent by email to: [REDACTED]

Dear Ms Priest

Re: Application by Essential Energy for a waiver from the Distribution Ring-fencing Guideline – contestable technical training courses

Thank you for the application of January 2023 from Essential Energy for a waiver from clauses 4.2.1, 4.2.2, 4.2.3 and 4.2.4 of the Ring-fencing Guideline for Electricity Distribution (the Guideline), to allow Essential Energy to continue to provide training to accredited service providers (ASPs) which is mandatory under the NSW contestable works scheme.

Essential Energy's Proposal

The AER notes that Essential Energy has been providing training to a small number of independent electrical contractors (also known as accredited service providers or ASPs) in relation to the NSW contestable works scheme. A waiver granted to Essential Energy on 18 December 2017 permits Essential Energy to use its own staff, premises and branding to deliver that training. That waiver will expire on 30 June 2024 and Essential Energy has applied for that to be re-made until 30 June 2029.

We understand that the training provided by Essential Energy is mandatory for the staff of these contractors who must be authorised by Essential Energy before providing these contestable services to customers in NSW. We note that Essential Energy has advised that this training is provided to a relatively very small number of staff of these contractors, primarily focussed on initial and annual refresher training including modules for *Work Near Overhead Powerlines (WNP)* and *Safe Work Practices*.

AER Assessment and Decision

The AER understands that other registered training organisations (RTOs) who also provide this training are primarily located in the greater Sydney region and the Hunter region of NSW. As a result, we agree with the contention of Essential Energy that providing this training in rural and regional locations could reduce costs for these contractors and their customers.

We note information from Essential Energy that it provides this training only on an 'on demand' basis. This has resulted in Essential Energy reporting having provided training in the 2023 year to a relatively very small number of contractors' staff in a very small number of locations.

However, Essential Energy has proposed a longer list of locations to be covered by a re-made waiver which largely align with its existing premises. As a result, the AER undertook targeted consultation on the proposed re-making of the waiver with other RTOs who service these independent contractors. We have taken account of the views of those RTOs in reaching a decision on Essential Energy's application.

Under the Guideline clause 5.3.2, before granting a waiver the AER must have regard to the National Electricity Objective (NEO), the potential for a TNSP to engage in cross-subsidisation of services and whether the costs of compliance with the Guideline outweigh the benefit to consumers of that compliance. For this application, the AER has considered whether the relevant training services provided by Essential Energy contribute to meeting the NEO and the expected costs and benefits should the waiver be granted. In addition, we have considered information from Essential Energy about its controls in relation to the relevant training being undertaken by other providers.

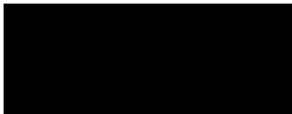
The AER has decided to grant a waiver of Essential Energy's obligation to comply with clauses 4.2.1, 4.2.2, 4.2.3 and 4.2.4 of the Guideline from 1 July 2024 to 30 June 2029 to allow Essential Energy to continue to provide Accredited Service Provider Initial & Refresher Training, Work Near Overhead Powerlines (WNP) Initial & Refresher Training and Safe Work Practices Initial & Refresher Training. This is on the condition that Essential Energy will only provide these contestable services in Albury, Armidale, Ballina, Bathurst, Bingara, Blayney, Braidwood, Broadwater, Broken Hill, Bulahdelah, Buronga, Cobar, Cobram, Coffs Harbour, Condon, Corowa, Culcairn, Deniliquin, Dubbo, Eden, Ewingsdale, Glenn Innes, Goulburn, Goondiwindi, Grafton, Griffith, Harwood, Hay, Holbrook, Inglewood, Inverell, Kempsey, Leeton, Lismore, Marulan, Mittagong, Moree, Moruya, Mulwala, Murwillumbah, Nambucca Heads, Narrabri, Orange, Parkes, Queanbeyan, Tamworth, Taree, Temora, Tweed Heads, Uki, Wagga Wagga, Walcha, Wialda, Young, Bendigo, Echuca, Swan Hill and Wodonga.

Conditions

This waiver is granted on the condition that Essential Energy provides a report to the AER detailing the number of individuals trained under this waiver and the locations of that training. This report should be provided no later than 28 February each year and provide information about the previous calendar year.

If you would like to discuss this further, or have any questions, please contact Jacquie Shannon, Acting General Manager, Strategic Policy and Energy Systems Innovation Branch, at AERringfencing@aer.gov.au in the first instance.

Yours sincerely



Jarrold Ball
AER Board Member

Sent by email on: 13.02.2024