

Level 27, 135 King Street
Sydney NSW 2000
GPO Box 3131
Canberra ACT 2601
tel: (02) 9230 9133
www.aer.gov.au

Contact Officer: Jim Wellsmore
Contact Phone: [REDACTED]

16 April 2024

Mr Robert McKimm
Chief Risk Officer
Transgrid

Sent by email to: [REDACTED]

Dear Mr McKimm

Re: Application by Transgrid for a waiver from the Transmission Ring-fencing Guideline – telecommunication services

Thank you for the application received on 25 January 2024 for a waiver from clause 3.1(b) of the Ring-fencing Guideline for Electricity Transmission (the Guideline), to allow Transgrid to continue to provide telecommunications services as 'other services' for six customers for a period of not more than 12 months.

Transgrid's Proposal

The AER notes that Transgrid holds a licence as a telecommunications carrier in order to meet the requirements for registration as a network service provider with the Australian Energy Market Operator.

The application explains that Transgrid, acting as a telecommunications carrier, provides services to six large customers under existing contracts and that these services are 'stand-alone' services not connected to Transgrid's network for purposes such as high-speed data transfer.

Transgrid's application notes that the Guideline that came into force from 1 March 2024 does not permit Transgrid to provide these services to other customers. Transgrid has stated that it intends to transfer the existing contracts with six customers for these services to another entity. The application is for a waiver for a period of 12 months to enable Transgrid to continue meeting its obligations under those contracts while this transfer is completed.

AER Assessment and Decision

Under 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 or discrimination and whether the costs of compliance with the Guideline outweigh the benefit to consumers of that compliance.

We note that Transgrid has advised that it already has appropriate controls in relation to cost-allocation and to prevent any cross-subsidy in favour of services to these six customers from regulated transmission services. The proposed waiver will not disturb the obligations in the Guideline against discrimination in respect of other electricity service providers. We are also satisfied that there are no foreseeable impacts on competition in the telecommunications market from the requested waiver.

The AER has decided to grant a waiver of Transgrid's obligation to comply with clause 3.1(b) of the Guideline from 12 April 2024 until 12 April 2025 to allow Transgrid to continue to provide telecommunications services to the six customers listed in its application.

Transgrid's application raises the possibility that it may seek a further waiver depending on the outcomes of its investigation into the transfer of these contracts. It is important to note that any application for a further waiver or variation of an existing waiver will be considered by the AER as a separate matter and subjected to the same assessment as this application.

Yours sincerely



Jarrod Ball
AER Board Member

Sent by email on: 16.04.2024