

[REDACTED]

30 January 2024

Mr. Mark Feather  
General Manager – Strategic Policy & Energy System Innovation  
Australian Energy Regulator  
AERringfencing@aer.gov.au

Submitted via email

Dear Mr. Feather,

**Ergon Energy Ring-fencing Waiver Application: Microgrid and Isolated System Test Facility**

Essential Energy welcomes the opportunity to submit a letter in support of Ergon Energy's application for a waiver from clauses 3.1(b) and 4.2.3 of the Ring-fencing Guideline – Electricity Distribution, to provide competitive services using its Microgrid and Isolated System Test (MIST) Facility. A waiver from the legal and functional separation obligations will allow Ergon Energy to offer services from its MIST facility beyond its own isolated networks. Essential Energy is interested in leveraging the learnings and capabilities to assist in the management of its own network. As a result, it is important to the broader market that these capabilities are available to be accessed.

Essential Energy and Ergon Energy have extensive long, remote networks covering large geographical distances, serving sparsely populated areas or fringe of grid communities. In both networks the standard solutions to serve these customers, at the lowest possible cost, are via SWER (Single Wire Earth Return) or single phase power lines.

Networks serving isolated and remote customers have significantly different technical challenges from those networks in urban, densely populated networks. These technical challenges are only increasing through the energy transition with greater electrification and the need of networks to efficiently manage Consumer Energy Resources (CER). Ergon Energy's MIST Facility can test solutions for catered to remote networks in a controlled environment, to establish the viability of future investments. Essential Energy is seeking to develop its own capabilities and aims to leverage synergies with Ergon Energy to co-develop solutions for customers served by SWER and single phase networks to speed the transition. Key to the success of this partnership is for the MIST facility to be available to provide services demanded by the market.

Essential Energy supports the waiver application for the MIST Facility as learnings from increased utilisation of that facility are valuable to Essential Energy by providing testing capability for microgrids and inverter lead systems that is not found in the market. It will also assist Essential Energy to understand and overcome the technical challenges to the transition to renewables.

If you have any queries regarding this submission, please contact Essential Energy's Regulatory Strategy Manager, Adam Young on [REDACTED] or via [REDACTED]

Yours sincerely

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Hilary Priest  
**Acting Head of Regulation**