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AER Ringfencing Team
By email: AERringfencing@aer.gov.au

Dear AER Ringfencing Team

Transgrid – Telecommunications Application

Transgrid wishes to apply for a waiver under clause 3.1 b) of the Ring-Fencing Guidelines (electricity transmission) version 4 2023 (**Guidelines**) to provide telecommunications services not associated with the transmission network to 6 customers as outlined in this letter.

Introduction

Transgrid operates Australia's largest electricity transmission network, maintaining and upgrading the backbone of the National Electricity Market. Our network transports electricity from multiple generation sources, including wind, solar, hydro, gas and coal power plants, to large directly connected industrial customers and the distribution networks that deliver it to more than three million homes and businesses.

Transgrid also operates a Telecommunications System to support the conveyance of electricity utilising assets associated with the Transmission System. As per the Guidelines, where it is commercially viable Transgrid utilises spare telecommunications capacity on the Transmission System to offer services to third party customers to the benefit of both the customer and consumers.

Waiver Application

Under the Guidelines clause 3.1 b), Transgrid is allowed to provide transmission services, but not other services without an exemption approved by the AER. This requirement comes fully into force on 1 March 2024.

Transgrid has reviewed all of its Telecommunications Services contracts to confirm they meet the definition of a transmission service, that is they are provided by means of or in connection with the Transmission System. The majority of our Telecommunications Services have been determined to meet this criteria.

This application requests a waiver from the AER for Transgrid to continue to provide telecommunications services as 'other services' for a small number of customers, where these telecommunications services that have been identified as being standalone (i.e. without a physical linkage to the Transmission System).

Details of Telecommunications Services not Associated with the Transmission System

Transgrid's telecommunications service offering includes the following broad service types:

1. Ethernet Services – these services connect customer point to point ethernet data connections; and

2. Wavelength Services – these services are a high capacity point to point data carriage service using a fibre network and associated terminal equipment.

A listing of the telecommunications services considered “other services” are provided in Appendix A. These services comprise individual links to six customers and are fully funded by the customer outside of Transgrid’s regulatory allowance.

Justification

Transgrid currently operates these services using its telecommunications carrier licence in the name of NSW Electricity Networks Operations Pty Ltd (being the legal entity name for Transgrid). Holding this licence is a requirement of Transgrid’s role as the Primary Transmission Network Service Provider in NSW.

There are no foreseeable impacts on competition in the Telecommunications Industry in terms of actual or potential discriminatory behaviour as a result of Transgrid continuing to operate these ‘other services’ into the future.

Additional Actions if Waiver is not Granted

Should the waiver not be granted, Transgrid would be required to transfer the provision of these services to Lumea (a related entity to Transgrid, which is also a registered network service provider). There would be a number of steps and uncertainties associated with this process. These include, but are not limited to:

1. Legal review of the carrier licence requirements for providing these services. This could result in Lumea requiring a carrier licence or Transgrid completing a formal nomination process in respect of Lumea;
2. Review of existing agreements between Transgrid and its customer’s to action the transfer of these services;
3. Discussions with the customer on why and how this transfer should take place and addressing any concerns they may have; and
4. Finalisation and approval of the necessary contractual arrangements.

Proposed Period of the Waiver

The waiver is being requested for Transgrid to continue to provide the ‘other services’ listed in Appendix for a 12 month period to allow for:

- Assessment of carrier licence, and contractual modification requirements and negotiation with existing customers leading to the transfer of these ‘other services’ from Transgrid to Lumea (or another related entity); or
- If the required steps are considered not in the best interests of consumers, the application by Transgrid to the AER for a long term waiver to continue providing these ‘other services’.

In either case, Transgrid would inform the AER of the proposed way forward prior to the completion of the 12 month period.

References

Appendix A provides a listing of the services for which a waiver is being requested.

I look forward to engaging on this matter and I can be contacted at [REDACTED] or [REDACTED]

Yours faithfully

Andrew McAlpine

[REDACTED]

Head of Compliance

Appendix A – Customer and Service Listing

Customer	Service ID	Location	Type of Service
LaunTel	X-206	Hobart to Launceston	Ethernet
Tata Communications	X-243	Equinix SY1 to Global Switch	Ethernet
ASE IT	X-264	NEXTDC MA to Geelong	Ethernet
Sygnite	X-277 X-278	Bendigo to Haymarket Shepparton to Haymarket	Wavelength
Superloop	X-589	NEXTDC M1 to Shepparton	Wavelength
Swoop	X-647 X-649	Bendigo to NextDC M1 Global Switch to TransACT	Wavelength