

13 November 2024

Ms Danielle Chifley
Sent via email

Dear Ms Chifley,

Issues Paper – Updating the guideline to include negotiated transmission services

Endeavour Energy appreciates the opportunity to provide feedback to the AER's *Updating the ring-fencing guideline (electricity transmission) to include negotiated transmission services* issues paper.

Consistent with our earlier submissions on previous updates to the guideline, we support this rule change and its proposed extension to negotiated services. This paper follows an AEMC amendment to the National Electricity Rules (NER) to empower the AER to place the ring-fence around both prescribed and negotiated transmission services from the provision of contestable services. Previously the ring-fence was limited to prescribed services, which hindered the AER's ability to separate monopoly from contestable services.

The energy industry is entering a period of increased and prolonged growth as coal-fired generation is displaced by both grid-scale and decentralised renewable generation and storage technologies. As it is critical that this transition is both timely and efficient, we recognise that the AER's ring-fencing guideline can promote these outcomes by facilitating fair competition for connection services.

We note that distribution network service providers (DNSPs) can compete with transmission network service providers (TNSPs) in the delivery of contestable transmission projects, participating in State-sponsored renewable energy zone (REZ) schemes and for connection of large customers. As such, and consistent with previous submissions of the NSW DNSPs on this review, our interest is in ensuring that there is a level playing field for contestable projects. To support this level playing field, we consider that:

- similar non-discrimination and information security rules should apply to TNSPs and DNSPs;
- while the full suite of functional separation rules (such as those relating to branding and staff separation) may not apply given the highly specialised overlapping set of technical, financial and legal resources required to provide those services, it is appropriate that the assessment of whether to apply these rules ought to be subject to cost-benefit analysis; and
- accordingly, if the costs outweigh the benefits, this is also likely to be the case for DNSPs, which should in turn warrant further review of the distribution ringfencing guideline.

To discuss this submission further, please contact Patrick Duffy, Manager Regulatory Transformation and Policy at [REDACTED]

Yours sincerely

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Emma Ringland
Head of Network Regulation & Investments