



Ref: A5681656

13 November 2024

General Manager Policy
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Dear Sir/Madam

**Issues Paper – Ring-fencing Guideline (Electricity Transmission)
Updating the Guideline to include Negotiated Transmission Services**

Powerlink appreciates the opportunity to make a submission in response to the AER's Issues Paper on extending ring-fencing to negotiated transmission services.

Our Business

Powerlink is a leading Australian provider of high voltage electricity transmission network services. It is an electricity transmission business owned by the Queensland Government and, in turn, by over five million Queenslanders and 238,000 businesses that we supply directly or through the electricity distribution network.

Powerlink operates a customer-facing, integrated 'one-stop-shop' business model that provides prescribed (regulated) and non-prescribed (negotiated and non-regulated) transmission services to our customers. Over the last decade, Powerlink has received hundreds of enquiries from customers seeking to connect to the network. Our experience and engagement with customers indicates that customers want an integrated, 'one-stop-shop' approach that provides a single point of contact to address their needs in a timely and efficient manner. In particular, customers value and seek out service providers that minimise the number and complexity of interfaces for them to help de-risk their project, both up-front and over the life of their connection agreement. The ability to minimise the number of counterparties to a project can also help facilitate efficient project financing.

Powerlink Circumstances

Powerlink is subject to the Australian Energy Regulator's (AER's) Electricity Transmission Ring-fencing Guideline (TRFG), Version 4, as amended by the Queensland legislation below. In particular, Powerlink has established and maintains separate accounts and ensures that costs are allocated appropriately within and across transmission services consistent with our AER-approved Cost Allocation Methodology.

Powerlink is also subject to derogations from the AER's TRFG. These derogations were introduced as a result of the Queensland *Energy (Renewable Transformation and Jobs) Act 2024* and the ring-fencing regulations made under the Act in September 2024, respectively.

The overarching effect of the regulations is to enable Powerlink to continue its 'one-stop-shop' business model. Subject to the obligations that apply to Powerlink under the TRFG version 3, it also allows us to continue to share information freely within our business; to avoid the separation of staff involved in the provision of contestable services; and continue to be able to provide other services (for example, oil testing and analysis).

Powerlink's circumstances are driven by its key roles and responsibilities in facilitating the energy transformation in Queensland. This extends across all three types of transmission services. As a result, Powerlink is keen to ensure that its particular circumstances remain fully effective, including in relation to negotiated transmission services. We would welcome further engagement with the AER to give effect to this.

Potential Harm

We understand that some proponents may have questions regarding the cost and timeliness of negotiated transmission services provided on a stand-alone basis relative to a bundled negotiated and non-regulated transmission service. There could be a number of reasons to explain these differences. Among other things, this could be the result of practical considerations such as a proponent's inexperience with what is required to facilitate a connection, including the design, integration, establishment and ongoing operation and maintenance of non-standard equipment versus standard equipment of which the TNSP is familiar, and the technology is proven.

At this stage it is not clear to Powerlink the precise nature of the problem the AER is seeking to address in its Issues Paper. Consequently, we consider it would be premature for the AER to assume that extending ring-fencing obligations to negotiated transmission services would provide an appropriate solution.

We recommend that further engagement to better articulate and understand these matters would be helpful.

If you have any questions in relation to this submission, please contact me at

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Yours sincerely,

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Jennifer Harris
General Manager Network Regulation