



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

28 January 2025

To the General Manager Policy,

Electricity distribution ring-fencing guideline – Draft version 4

ENGIE Australia & New Zealand (ENGIE) appreciates the opportunity to respond to the Australian Energy Regulator (AER) on the draft version 4 of the ring-fencing guideline for electricity distribution network service providers (DNSPs).

The ENGIE Group is a global energy operator in the businesses of electricity, natural gas and energy services. In Australia, ENGIE operates an asset fleet which includes renewables, gas-powered generation, diesel peakers, and battery energy storage systems. ENGIE also provides electricity and gas to retail customers across Victoria, South Australia, New South Wales, Queensland, and Western Australia. ENGIE provides its retail customers with access to innovative products that have a focus on consumer energy resources, such as residential virtual power plants and electric vehicle charging.

ENGIE supports a variation to the ring-fencing guideline to provide greater flexibility for the AER in determining the duration of ring-fencing waivers. In recent years, ENGIE has partnered with several DNSPs on projects that have been subject to ring-fencing waivers and these experiences have demonstrated that the current approach to applying a maximum term is inflexible and not fit-for-purpose.¹ For longer-term trials that require investment certainty, the current approach to applying a maximum term of waivers can potentially act as a barrier to innovation.

If the AER were to progress with this variation, ENGIE considers there is minimal risk that DNSPs would nominate longer waiver periods in their ring-fencing waiver applications for unsubstantiated reasons. This is

¹ For example, ENGIE has partnered with United Energy on their community battery rollout and with SA Power Networks on their Market Active Solar Trial. Sources; United Energy, Melbourne to host Australia's largest community battery rollout, accessed at; <https://www.unitedenergy.com.au/media-centre/melbourne-to-host-australias-largest-community-battery-rollout/>

United Energy 2020, United Energy ring-fencing waiver application, 12 October.

SA Power Networks 2024, Market Active Solar – ring-fencing waiver application, 2 January.

because the AER would continue to be able to fully consider the circumstances and evidence provided in a DNSPs' ring-fencing waiver application during its assessment.

While not the focus of this consultation, ENGIE considers it is also important that proponents can engage with the AER on more permanent arrangements for projects that have demonstrated consumer benefits during trial periods. This may include processes to temporarily extend a waiver while a related rule change request is progressed or more streamlined processes for subsequent ring-fencing waiver applications for the same project.

Should you have any queries in relation to this submission please do not hesitate to contact me on, telephone, [REDACTED]

Yours sincerely,

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Matthew Giampiccolo

Manager, Regulation and Policy