

28 January 2025



Mr Mark Feather  
General Manager Policy  
Australian Energy Regulator  
GPO Box 3131  
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By email: [AERringfencing@aer.gov.au](mailto:AERringfencing@aer.gov.au)

Dear Mark,

### Proposed changes to the AER's Ring-fencing Guideline

SA Power Networks welcomes the opportunity to comment on the Australian Energy Regulator's (AER's) proposed changes to the Ring-fencing Guideline (Electricity Distribution) (**Guideline**) and its accompanying Explanatory Statement, published for consultation on 9 December 2024.

We support the proposed changes to the Guideline to remove the term restrictions for ring-fencing waivers, add a requirement for annual compliance reports to include a letter signed by the CEO, and remove the transitional arrangements in section 7 of the Guideline.

While SA Power Networks already complies with the requirement for the annual compliance report to be accompanied by a cover letter signed by the CEO<sup>1</sup>, we note the timing for this change coming into effect is not clear.

The draft explanatory statement states: *"To avoid confusion, we consider the intended change to reporting requirements in clause 6.2.1 should take effect immediately, so that changes take effect for the 2026 annual reporting date in 2026."*<sup>2</sup>

The new Guideline is expected to be published on 10 March 2025, which will be prior to most distributors submitting their annual compliance reports for the 2024 calendar year (due 30 April 2025). Therefore, the reference to "immediately" in the Explanatory Guideline may result in adding confusion. If the intention is for the change to apply for the 2025 calendar year report that will be submitted in 2026, SA Power Networks would recommend the Explanatory Statement be amended to state: *"To avoid confusion, we consider the intended change to reporting requirements in clause 6.2.1 should take effect for the annual report submission date in 2026"*. This will avoid any unnecessary ambiguity.

We also recommend a few minor editing changes for completeness:

- The footnote on the updated Ring-fencing Guideline should be updated to Version 4 – March 2025; and
- Section 2.1 of the explanatory statement refers to clauses 5.34 (b) and (c) instead of clause 5.3.4 (b) and (c); and

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<sup>1</sup> In accordance with the AER's Compliance Reporting Best Practice Manual

<sup>2</sup> AER Ring-fencing guideline (electricity distribution) Draft Explanatory Statement, December 2024, section 3, page 8

- Section 3 of the explanatory statement has a typographical error in paragraph 4, 'will be' or 'is' should be deleted.

Should you require further information, please contact Debbie Voltz, Manager Regulatory Operations on [REDACTED] or email [REDACTED]

Yours sincerely

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