

14 January 2025

Ms Danielle Chifley
General Manager Policy
Australian Energy Regulator
AERringfencing@aer.gov.au

Dear Ms Chifley

Re: Transmission Ring-fencing Draft Guideline

TasNetworks welcomes the opportunity to provide a submission to the Australian Energy Regulator's (AER) Draft Electricity Transmission Ring-fencing Guideline (**the Guideline**) and the accompanying explanatory statement.

As the transmission and distribution network service provider (**TNSP** and **DNSP**) in Tasmania, TasNetworks is focussed on ensuring the reliability and security of the electricity network in Tasmania, whilst efficiently connecting new sources of renewable energy generation, batteries, and large load customers.

We support the Energy Networks Australia submission and make the following comments on ring-fencing in the National Electricity Market (**NEM**) and Tasmania in particular.

TasNetworks supports the AER's draft decision to remove the maximum term of waivers to improve long term certainty relating to ring-fencing in the regulatory framework. In TasNetworks previous submission to the Draft Electricity Transmission Ring-fencing Guideline Issues Paper, we put forward that waivers should be applicable to all clauses in the Guideline, such as the information sharing clauses. Removing existing waiver restrictions will provide TNSPs and the AER with more flexibility to support the energy transition if a waiver is in the long-term interests of consumers. Any waiver application would still be subject to AER assessment under section 5 of the Guideline.

Providing the option to apply for waivers from all clauses of the Guideline could be particularly important in smaller jurisdictions. Governments in jurisdictions such as Tasmania may seek to leverage existing expertise and capacity to support policy objectives and assist in coordinating new renewable energy connections. It may be that a waiver from the ring-fencing guideline more broadly will enable the more efficient and timely connection of renewable energy which is in the long-term interest of customers.

Tasmania has significant government policy objectives, including the Tasmanian Renewable Energy Target and is developing a Renewable Energy Zone framework aimed at increasing the coordinated connection of new renewable energy generation. While roles and responsibilities are still to be determined, TasNetworks may have a role to play within a

Tasmanian REZ framework. Allowing waiver applications for all ring-fencing obligations will enable TasNetworks to seek approval from the AER if further flexibility is deemed appropriate and economically efficient.

With the expansion of the Guideline to include negotiated services, TasNetworks seeks further clarity on the purpose of additional reporting. Reporting adds cost and the purpose and benefits of the reporting should be transparent and clear to all stakeholders. Reporting in this context should also focus on matters within a TNSPs control which is especially relevant noting connection timeframes are often driven by external factors.

The transitional arrangements proposed in the draft decision create complexity due to the need to report and adhere to two versions of the Guideline within the 2025 year. TasNetworks considers that the AER should align the beginning of the new Guideline with the commencement of the compliance year, i.e. from 1 January 2026.

TasNetworks supports the decision not to apply staff separation. Similarly, not creating additional restrictions on cross-branding and promotion is supported noting the size and complexity of transmission customers. TasNetworks agrees with the AER that staff separation, cross branding and promotion restrictions will increase transaction costs without associated benefits.

TasNetworks also supports the need to obtain sign-off on the Annual Compliance Report from our most senior executive.

If you have any questions in regard to this submission, please contact Chris Noye, Leader Regulation at [REDACTED]

Yours sincerely



Chantal Hopwood
Head of Regulation