

24 July 2020

Mr Moston Neck
Director, Network Regulation
Australian Energy Regulator

Jemena Electricity
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Via email: ringfencing@aer.gov.au

Dear Moston

**Application for extension to waiver from AER Ring-fencing Guideline—
Physical Separation & Staff Sharing in relation to Public Lighting, Reserve
Feeder construction and Emergency Recoverable works**

The Australian Energy Regulator has granted Jemena Electricity Networks (VIC) Ltd (**JEN**) a waiver from specified ring-fencing obligations in relation to JEN's provision of certain negotiated and unclassified services. This waiver currently ceases on 31 December 2020, which – at the time the waiver was granted - was the end of the current regulatory period.¹

The waiver was granted for the following services:

- public lighting and watchman lights (this includes: alteration and relocation of distributor public lighting assets; new public lighting at greenfield site; new lighting types not subject to a regulated charge, and; installation, repair and maintenance of watchman lights),
- reserve feeder construction, and
- emergency recoverable works.

This period of the waiver was proposed and set in anticipation that these services would be classified as alternative control services in the next regulatory period. Accordingly, JEN has proposed these services to be classified as alternative control services in the next regulatory period consistent with the Final Framework and Approach paper.²

However, in June 2020, the Victorian Government enacted legislation to move JEN's regulatory control period to align with a financial year end, rather than calendar year, with the change to take effect from 1 July 2021. The change to the regulatory cycle is

¹ AER, Ring-fencing waiver applications final decision - December 2017, p. 101.

² AER, Final framework and approach, AusNet Services, CitiPower, Jemena, Powercor and United Energy, Regulatory control period commencing 1 January 2021, January 2019.

given effect by providing for a six-month extension to the current regulatory period, referred to as the 'intervening period' from 1 January 2021 to 30 June 2021.

With the current classification of these services continuing into the intervening period, JEN would therefore be in breach of ring-fencing obligations, without an extension to the existing waiver.³

Accordingly, we are seeking an extension of the waiver until 30 June 2021 to cover the intervening period. The supporting information and reasons for the waiver, required as per section 5.2 of the AER's Ring-fencing Guideline are as per our 2017 waiver application.

Our contact for this application is Chris Stewart on (02) 9867 7290 or at christopher.stewart@jemena.com.au.

Yours sincerely



Usman Saadat

General Manager Regulation

Jemena Ltd

³ AER, Ring-Fencing Guideline, S. 3.1(b), October 2017, p.11, other services are defined within the Guideline to include negotiated services, p. 8.