



20 December 2022

Mark Feather  
General Manager  
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Australian Energy Regulator  
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Dear Mark

### **AER Draft Transmission Ring-Fencing Guideline**

The Australian Energy Regulator (AER) published its Draft Electricity Transmission Ring-Fencing Guideline and accompanying Explanatory Statement in early November. The AER has proposed a number of amendments to the current Guideline to address perceived concerns in relation to cross-subsidisation and discrimination. Among other things, this includes measures to enhance compliance and reporting.

Powerlink appreciates the opportunity to provide input to the AER's Draft Electricity Transmission Ring-Fencing Guideline, for which further detail is provided in its accompanying Explanatory Statement.

Our submission seeks to reinforce the context in which Powerlink operates now and into the foreseeable future. This context is fundamental to putting customers at the centre of our business and that we continue to act in the long-term interests of Queensland electricity customers as we navigate our way through the energy transition to net zero.

Our business must prepare for and adapt to the dynamic and increasingly complex circumstances in the external environment.

### **Queensland Context**

Our purpose is to connect Queenslanders to a world-class energy future, providing the prudent and efficient delivery of electricity to more than five million Queenslanders and 238,000 businesses. Our purpose is embedded within and plays out across our three lines of business, namely regulated (or prescribed), non-regulated and transformation.

We also play a critical role in delivering the Queensland Energy and Jobs Plan (QEJP), which will require the coordinated and efficient development of Renewable Energy Zones (REZs), the connection of storage such as pumped hydro and to support new load growth. These works may to some extent, be part of, and also in addition to the services we provide in the normal course of business to ensure the safe, secure and reliable operation of the backbone Queensland electricity transmission network.

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Our planning will continue to be shaped by a range of technical, economic and market analyses, as well as feedback from customers and stakeholders. We will monitor our underlying assumptions and adjust system plans as the market evolves over time.

Our business will pursue a least-cost power system transformation for our customers. The communities we co-exist with look to us to undertake effective and early engagement to provide information, shape our understanding and influence our decision-making.

### **Ring-Fencing**

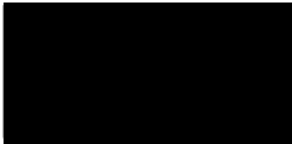
We understand the AER has sought to propose arrangements that are targeted, proportionate and effective to respond to the potential harms that consumers may face as the market context within which Transmission Network Service Providers (TNSPs) operate changes. We also note the AER's view that it has adopted draft positions it considers are appropriate for the majority of TNSPs, noting that TNSPs will be able to apply for a waiver from several of the proposed obligations where appropriate. In addition, we understand that the AER's intention and guidance to TNSPs is to take a sensible and pragmatic approach to interpreting the ring-fencing requirements.

Under the Draft Guidelines, Powerlink can continue to provide prescribed, negotiated and non-regulated transmission services (including contestable connection works) within the same legal entity. This is an important aspect of our business model that we consider provides significant value and benefits to our customers.

We will continue to work constructively with the AER to achieve a sensible and pragmatic Final Ring-Fencing Guideline for electricity transmission. However, where this cannot be achieved, we may need to consider alternative arrangements.

If you have any questions in relation to this submission, please contact Jennifer Harris.

Yours sincerely



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