

16 November 2016



Mr Chris Pattas  
General Manager, Network Regulations  
Australian Energy Regulator  
GPO Box 520  
Melbourne Vic 3001

Tasmanian Networks Pty Ltd  
ABN 24 167 357 299  
PO Box 606  
Moonah TAS 7009

Lodged online at [Ringfencingguideline2016@aer.gov.au](mailto:Ringfencingguideline2016@aer.gov.au)

Dear Mr Pattas

**RE: AER – Exposure Draft Ring-fencing Guideline**

TasNetworks welcomes the opportunity to comment on the Australian Energy Regulator's (AER) ring-fencing guideline exposure draft (the **Guideline**). We note that the AER has requested that interested stakeholders only make submissions on critical issues that will affect the Guideline's operability. Accordingly, we provide specific comments in relation to the Guideline in this submission. We have also contributed to and largely support the positions put forward to the AER by the Energy Networks Association (ENA) on the Guideline.

**Regional offices definition**

We are supportive of the AER's discretion to allow an exemption for regional office. We understand that other regional DNSPs have similar issues with the definition of regional office and we propose an alternative definition to regional office. This is because the harms that the Guideline is trying to prevent are unlikely to emerge outside of the large population centres. Our strong preference is for the definition of regional office to be clarified and expanded to mean an office that has less than 150,000 connection points within a 100 km radius of it. Furthermore, it is noted that an area such as Tasmania has been previously defined as a regional area for telecommunications access decisions. We consider that a similar approach should be taken given the current nature of the Tasmanian market.

**Branding and cross-promotion**

We also note that restrictions on branding and cross-promotion should be consistent. As the Guideline is currently drafted, the reference to services that are not direct control services in clause 4.2.3 (b) could potentially cause problems for an integrated distribution and transmission business such as TasNetworks. We suggest that 4.2.3 (b) be amended to be consistent with 4.2.3 (a) in that it should refer to not promoting direct control services and other distribution services or other electricity services. The ENA's submission contains specific proposed drafting in respect of this clause 4.2.3(b), which addresses our concern.



### **Definition of transmission services**

We support the amended definition of transmission services to encompass all transmission related services. This allows the current distribution ring-fencing guideline to focus upon services related to DNSPs.

### **Contractors, indirect contractors and service providers**

We propose a number of queries and suggested amendments to the following definitions and sections in the Guideline. We query the:

- a) intent of the term “indirect contractors” within the definition of staff. If this term is intended to capture entities such as sub-contractors, DNSPs may not know the identity of sub-contractors used by its contractors and will not have a direct contractual relationship with those parties;
- b) need to include a provision for “service providers” in clause 4.4, and also include contractors and indirect contractors within the definition of “staff”. Our preference is for contractors and indirect contractors to be removed from the definition of staff, and for clause 4.4 to address the Guideline’s requirements in respect of service providers (which include contractors);
- c) absolute, unqualified nature of the requirement in clause 4.4. Our preference is for clause 4.4 to require a DNSP to take ‘reasonable steps’ in respect of its service providers.

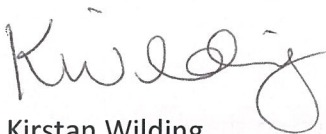
We propose the following amendment to the definition for staff:

**Staff**, of an entity (such as a **DNSP**), includes:

- (a) employees of the entity; and
- (b) individuals (such as secondees or personnel working under labour-hire arrangements) otherwise made available to the entity by another party.

We welcome the opportunity to discuss any queries or requests for further information in relation to this submission. Please contact me on 03 6271 6849 or via email at [kirstan.wilding@tasnetworks.com.au](mailto:kirstan.wilding@tasnetworks.com.au).

Yours Sincerely



Kirstan Wilding  
Leader Regulation