

Ring Fencing Guideline

Waiver Register

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Table of Contents

| | | |
|-----|------------------------|---|
| 1.1 | Background | 4 |
| 1.2 | Approved Waivers..... | 4 |
| 1.3 | Expired Waivers | 4 |
| 1.4 | Document Control | 5 |

Waiver Register

1.1 Background

The AER released its Ring-fencing Guideline (Guideline) for Electricity Distribution in November 2016. The Guideline requires that all electricity Distribution Network Service Providers (DNSPs) must be fully compliant as soon as reasonably practicable and no later than 1 January 2018.

Ring-fencing separates the regulated and contestable parts of a DNSP's network business via legal separation and functional separation obligations. Ring-fencing aims to provide a level playing field for third party providers in new and existing markets for contestable services. The AER's Guideline recognises that strict adherence to the ring-fencing obligations, in some circumstances, might result in outcomes that are not in the interests of consumers. Therefore, the Guideline makes provision for ring-fencing waivers. Waivers provide the ring-fencing framework with flexibility by allowing DNSPs exemptions, subject to AER approval.

Clause 5.3.2 of the Guideline states that, in assessing a waiver application and deciding whether to grant a waiver (subject to any conditions) or refuse to grant a waiver, the AER must have regard to:

- i. the National Electricity Objective
- ii. the potential for cross-subsidisation and discrimination if the waiver is granted or refused, and
- iii. whether the benefit, or likely benefit, to electricity consumers of the DNSP complying with the obligation (including any benefit, or likely benefit, from increased competition) would be outweighed by the cost to the DNSP of complying with that obligation.

AusNet Services waiver applications and the AER's reasons for approving these waivers can be found on the AER website here (<https://www.aer.gov.au/networks-pipelines/ring-fencing/ring-fencing-waivers/ausnet-services-ring-fencing-waiver-application-july-2017>). The AER has assessed waiver applications submitted by AusNet Services and approved the waivers set out in section 1.1 below.

1.2 Approved Waivers

The following waiver has been approved by the AER.

Table 1 Approved Waivers

| Waiver | Conditions | End Date |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|
| The AER grants a waiver of AusNet Services' obligation to comply with clauses 3.1, 4.2.1, 4.2.2 and 4.2.3 of the Guideline from 18 December 2017 until 31 December 2020 in relation to the following services: <ul style="list-style-type: none"> • public lighting and nightwatchman lights (including: alteration and relocation of distributor public lighting assets; new public lights, and; installation, repair and maintenance of watchman lights) • emergency recoverable works • reserve feeder construction. | None | 31/12/2020 |

1.3 Expired Waivers

The following waivers were previously in place and approved but have since expired and no longer needed. They are provided on this register to provide a historical view.

Table 2 Expired Waivers

| Waiver | Conditions | End Date |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------|
| The AER also grants a waiver of AusNet Services' obligation to comply with clauses 3.1 (b) and 4.2.3(a)i. of the Guideline from 18 December 2017 until 15 May 2020 in relation to the provision of electricity services to Mt Baw Baw. | None | 15/5/2020 |

1.4 Document Control

| Change | Version | Date |
|--------------------------------------------------------------------------------|---------|------------|
| Initial Version | 1.0 | 19/12/2017 |
| Removed Mt Baw Baw Waiver from Approved Waivers, Added Expired Waivers section | 2.0 | 19/5/2020 |