

# Ring-fencing Guideline Waiver Register

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Point of contact for enquiry  
[PNRegulationGroup.PWC@powerwater.com.au](mailto:PNRegulationGroup.PWC@powerwater.com.au)

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**PowerWater**

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# Disclaimer

## Contact

This document is the responsibility of Power and Water Corporation.

Please contact the indicated owner of the document with any inquiries.

Power and Water Corporation  
 1800 245 092  
 PNRegulationGroup.PWC@powerwater.com.au

| REV | DATE       | GENERAL DESCRIPTION                        | PREPARED        | REVIEWED    | ENDORSED   |
|-----|------------|--|-----------------|-------------|------------|
| 1.0 | 18/09/2020 | Finalisation of register for publication   | A.Fox           | B.Crown     | S. Vardy   |
| 2.0 | 14/04/2021 | Minor amendment to include version control | F.Walton        | B.Crown     | S. Vardy   |
| 3.0 | 18/05/2022 | Amendment to include approve waivers       | A.McGill        | F.Walton    | B.Crown    |
|     |            |  | <b>APPROVED</b> | Next review | 31/12/2022 |

# 01. Background

## Ring-fencing

Ring-fencing separates the regulated and contestable parts of a DNSP’s network business via legal separation and/or 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 Ring-fencing Guideline (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.

### *Ring-fencing obligation:*

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.

### **Purpose**

The purpose of this policy is to provide an outline as to how Power and Water establishes and responds to waiver protocols under the Guideline.

Under clause 5.7 of the Ring-fencing guideline Power and Water must,

- (a) A DNSP must establish, maintain and keep a register of all waivers (including any variation of a waiver) granted to the DNSP by the AER under clause 5 of this Guideline, and must make the register publicly available on its website.
- (b) The register established under clause 5.7(a) must include: i. the description of the conduct to which the waiver or interim waiver applies; and ii. the terms and conditions of the waiver or interim waiver; as set out in the AER’s written decision, provided by the AER to the DNSP, to grant (or vary) the waiver or interim waiver.

## 02. Approved Waivers

Two waivers have been approved by the AER.

| Date Waiver Granted | Description of the business activity which the waiver applies (as set out in the AER’s decision to grant to waiver)                                     | Terms and conditions of the waiver                   | Comments |
|---------------------|---|--|----------|
| May 2022            | Clause 4.2.4: office and staff registers  | The duration of the waiver is until 30 June 2024     |          |
|                     | Clause 4.4.1(a): conduct of service providers (as far as it relates to Power and Water Corporation’s existing contracts which may be renewed or varied) | The duration of the waiver is until 31 December 2022 |          |

## 03. Expired Waivers

Zero waivers have been approved by the AER.

| Date Waiver Granted | Description of the business activity which the waiver applies (as set out in the AER’s decision to grant to waiver) | Terms and conditions of the waiver | Comments |
|---------------------|---|------------------------------------|----------|
|---------------------|---|------------------------------------|----------|

Power and Water waiver applications and the AER’s reasons for approving these waivers can be found on the AER website.