PURPOSE AND SCOPE
The purpose of this document is to provide direction to service providers of Energy Queensland Limited, and its subsidiary businesses including Ergon Energy and Energex, on the obligations under the Ring-fencing Guidelines that it must comply with under the terms of its contract.

DEFINITIONS, ABBREVIATIONS AND ACRONYMS

brand: includes logos, trademarks, business name, website address or any other material that would identify the business to a reasonable person.

confidential information: all information related to the DNSPs electricity network, customers or services, that is not already publicly available, and includes information derived from such information.

contestable electricity services: 
(a) distribution services provided by Ergon Energy and Energex other than direct control services; or
(b) any services for the supply of electricity, or necessary or incidental to the supply of electricity.

direct control services: represent the majority of the services Ergon Energy and Energex deliver and include:
(a) Planning, design, constructing and maintaining the electricity network;
(b) Connection services (both small and large connection services including pre-connection and post-connection work);
(c) Type 6 metering services;
(d) Public lighting; and
(e) Ancillary network services such as other recoverable works and retailer of last resort.

DNSP: Ergon Energy Corporation Limited (ABN 50 087 646 062), Energex Limited (ABN 40 078 849 055) or both (as the circumstances dictate)

Energy Queensland Limited: Energy Queensland Limited offices:
(a) a building;
(b) an entire floor of a building; or
(c) a part of a building that has separate and secure access requirements, such that staff from elsewhere in the building do not have unescorted access to it.

related electricity service provider includes:
(a) a related entity of the DNSP; and
(b) the part of the DNSP that provides contestable electricity services

service provider: the party to a contract for services, or who otherwise provides services to the DNSP that enable or assist the DNSP to supply direct control services, and includes its employees, agents and contractors

REFERENCES
Ring-fencing Guideline Version 2 October 2017 (Australian Energy Regulator)
BACKGROUND

The Ring-Fencing requirements document is integral to Ergon Energy and Energex’s compliance with regulatory requirements. Ring-fencing Guidelines issued by the Australian Energy Regulator (AER) require Ergon Energy and Energex to ensure that its service providers comply, in providing those services, with the following provisions of the Guideline as if it were the DNSP:

- Clauses 4.1, 4.2.1, 4.2.2, 4.3.2 of the Guideline; and
- Clause 4.2.3 of the Guideline in relation to the brands of the DNSP.

The purpose of this document is to outline the service provider's Ring-fencing obligations to the extent that they apply to services provided to Ergon Energy and Energex.

IMPLEMENTATION

1 CLAUSE 4.1: NON-DISCRIMINATION

1.1. Principle

In performing services for the DNSP, the service provider must not take any action (or inaction) that would discriminate (either directly or indirectly) between a related electricity service provider and a competitor (or potential competitor) of a related electricity service provider.

The following section 1.2. provides examples to illustrate the intent of the principle in more detail.

1.2. Examples of non-discrimination obligations

For example, a service provider of the DNSP must:

(a) deal with any related electricity service provider of the DNSP as if it were not related to the DNSP (i.e.: do not give preferential treatment to any related electricity service provider just because it is related to the DNSP. Rather, treat that business as if it had no connection with the DNSP at all)

(b) in like circumstances, deal or offer to deal with a related electricity service provider of the DNSP and a competitor (or potential competitor) of that business on substantially the same terms and conditions;

(c) in providing services on the DNSP’s behalf to a related service provider of the DNSP, do not give preferential treatment (i.e. quality, reliability and timeliness of service) to our related business over a competitor (or potential competitor) of our related business.

(d) not disclose to a related electricity service provider of the DNSP any information obtained in the course of providing services to the DNSP, where the disclosure would, or would be likely to, provide an advantage to the related electricity service provider of the DNSP.

2 CLAUSE 4.2.1 AND 4.2.2: STAFF SHARING AND PHYSICAL SEPARATION/CO-LOCATION

2.1. Principle

In providing services to the DNSP, the service provider must:

(a) use offices that are separate from any offices from which Energy Queensland, or any related entity of Energy Queensland or the DNSPs, provides contestable electricity services; and
(b) ensure that its staff, contractors and agents involved in the provision or marketing of services to the DNSP are not also involved in the provision or marketing of contestable electricity services by the DNSPs, Energy Queensland, or related entity of Energy Queensland or the DNSPs.

In other words, the DNSP must separate its offices from which it provides direct control services, with the offices it uses to provide contestable electricity services. If you are assisting Ergon Energy or Energex in the provision of direct control services, you cannot share offices with our contestable electricity services businesses in doing so. This physical separation helps protect the confidential information of Ergon Energy and Energex, and ensures our contestable electricity services businesses are not given an unfair advantage of their competitors.

2.2. Exemptions

Subject to obtaining the prior written approval of the DNSP, the service provider may be permitted to share or co-locate staff under an exemption under the Ring-fencing Guidelines, in circumstances where:

(c) the relevant staff member does not have access to information about the DNSP’s network, customers or services

(d) the relevant staff member has access to information about the DNSP’s network, customers or services but does not have, in performing the roles, functions or duties of their staff position, any opportunity to use that information to engage in conduct that is contrary to the non-discrimination obligations set out in 1.1 above.

(e) the office is located in certain regional areas (please contact the DNSP to determine whether your location meets the required criteria to be classified as a regional area),

In this context, “staff” includes employees and contractors.

Prior to sharing or co-locating staff in accordance with the above exemption, the service provider must first obtain the DNSP’s prior approval (which may be revoked at any time). An application for exemption must include:

(a) details of the staff role, functions and duties, for inclusion on the DNSP’s staff and office registers; and

(b) any documents or other evidence in support of the exemption.

Please contact ringfencing@energyq.com.au to obtain this approval.

2.3. Staff incentives

The service provider must not incentivise its staff or contractors (for example, through remuneration, incentives or other financial or other benefit) (financial or otherwise) to act in a manner that is contrary to any of the Ring-fencing obligations identified in this document.

In other words, in acting as a service provider of Ergon Energy or Energex for the provision of direct control services, you cannot offer your staff or contractors a bonus linked to helping our contestable electricity services business (for example, by signing up a certain number of new customers to a contestable electricity services product).
3 CLAUSE 4.3.2: PROTECTION OF CONFIDENTIAL INFORMATION

3.1. Principles

The service provider must:

(a) keep confidential information confidential; and
(b) only use confidential information for the purpose for which it was acquired or generated.

3.2. Permitted Disclosure

The disclosure of confidential information is permitted if required by law, subject to you first making the DNSP aware of the proposed disclosure.

4 CLAUSE 4.2.3: BRANDING AND CROSS-PROMOTION

4.1. Use of Brands

The service provider must not use the DNSP brand in conjunction with:

(a) the Energy Queensland brand, or the brand of a related electricity services Provider; or
(b) any advertising or promotion for services offered by Energy Queensland, or any related electricity services provider.

4.2. Advertising and Promotion

The service provider must not advertise or promote services offered by Energy Queensland, or any related electricity services provider.

ENFORCEMENT

This document will form part of the service contract between EQL and the service provider. Compliance with these requirements will be monitored and audited. Any actual or potential breach (intentional or unintentional) must be reported to ringfencing@energyq.com.au immediately as soon as possible after becoming aware of it.

VARIATION

Energy Queensland Limited may vary, add to, withdraw, or replace this document, at its discretion, at any time.