

Ergon Energy Waiver Register

Ver 9, 11/04/2024



This register is maintained and made publicly available in accordance with clause 5.7 of the Australian Energy Regulator Ring-fencing Guideline Electricity Distribution, Version 3, November 2021

5.7 Waiver register

(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.

Waiver Description and Conditions	Effective Dates
<p>Waiver from clauses 3.1(b) (legal separation) and 4.2.3 (shared branding) for Ergon Energy to lease the Microgrid and Isolated Systems Test (MIST) simulator and services to other entities.</p> <p>Conditions</p> <ul style="list-style-type: none">• Appropriate measures to prevent any cross-subsidisations in favour of users of the MIST facility• The prohibition against discrimination in favour of Ergon Energy or any related entity in clause 4.1 of the Guideline cannot be waived and would remain in force.	<p>Start Date: 08/04/2024</p> <p>End Date: 30/06/2030</p>
<p>Waiver from clause 3.1 of the Guideline in respect of one battery energy storage system (BESS) at Bohle Plains. This waiver is granted on the basis that the assets and associated costs follow the cost allocation methodology projected in the application and subject to the conditions below.</p> <p>Conditions</p> <p>The following conditions apply with this waiver approval:</p> <ul style="list-style-type: none">• Ex-post public sharing of information about the battery unit (e.g., location(s), size, intended purposes and uses, and a key contact for external stakeholders if they wish to discuss the project further) and any useful learnings that will support the battery market.• As part of Ergon Energy's independently audited annual ring-fencing compliance reports required under clause 6.2 of the Guideline:<ul style="list-style-type: none">○ The total quantified benefit derived from the deployment of the battery from all services over the most recent financial year.<ul style="list-style-type: none">• The total quantified benefit derived from the deployment of the battery from direct control services over the most recent financial year.• The total quantified benefit derived from the deployment of the battery	<p>Start Date: 27/03/2024</p> <p>End Date: 30/06/2035</p>

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<p>from other distribution services and other services over the most recent financial year; and</p> <ul style="list-style-type: none"> • A comparison of uses (volume and frequency) of the battery that confirms the usage by Ergon Energy and by its contracted third party, including the initial proposed allocation as a baseline against which the actual usage of the battery can be compared. <p>In addition, staff may request that Ergon Energy makes available to the AER, information on the performance of the batteries participating in this trial, such as the split between network and market benefits, when this is sought by the AER staff at any time during the tenure of the waiver.</p>	
<p>Waiver from clause 3.1 of the Guideline in respect of nine battery energy storage systems.</p> <p>The waiver is granted on the basis that the assets remain excluded from the Regulatory Asset Base, entirely funded from unregulated project funding. However, the AER may monitor the use of the battery for network services and expects that data on battery use will inform future cost allocation approaches to energy storage devices.</p> <p>Conditions:</p> <ul style="list-style-type: none"> • Providing the AER with information on the contractual relationship between Ergon Energy and its retail partner. This information includes the contractual terms, conditions and payments. This information should be provided to AERringfencing@aer.gov.au within 20 business days of the contract being finalised. Where there are changes in this contractual arrangement, the AER should be notified within 20 business days. We acknowledge the commercially sensitive nature of this information and will treat this information accordingly, noting our policies regarding information privacy and disclosure of information. • Ex-post public sharing of information about the battery (e.g., location(s), size, intended purposes and uses, approved cost allocation method, and a key contact for external stakeholders if they wish to discuss the project further) and any useful learnings from the battery usage that will support the battery market. • Provision on an annual basis of a year-to-year comparison of the uses (volume and frequency) of the battery and an explanation of significant differences if observed from one year to another. The independent assessor, as part of annual ring-fencing compliance assessment to confirm the annual usage volumes are accurate. 	<p>Start Date: 04/12/2023</p> <p>End Date: 30/06/2038</p>
<p>Limited interim waiver from clauses 3.1(b) and 4.2.3 of the Guideline for</p>	<p>Start Date: 03/11/2023</p>

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<p>Microgrid and Isolated Systems Test (MIST) facility services.</p> <p>Specifically, the AER has decided, under clause 5.3.3 of the Guideline, to grant a limited interim waiver from the obligations in clauses 3.1(b) (legal separation) and 4.2.3 (branding and cross-promotion) of the Guideline for Ergon Energy to use its MIST facility to provide contestable electricity services to:</p> <ul style="list-style-type: none"> recipients of funding grants under the Microgrid Fund recipients of funding grants under the Reliability Fund only to the extent required to fulfil the purpose of those grants. 	<p>End Date: 08/04/2024</p>
<p>Waiver from clauses 3.1 and 4.2.1 and 4.2.2 of the Guideline for DNSP-led projects that meet the classes and criteria of this waiver.</p> <p>The scope of this class waiver is limited to DNSP-led projects where the battery asset is funded under the Australian Government’s Community Batteries for Household Solar Program (administered by the Business Grants Hub or ARENA), where:</p> <ol style="list-style-type: none"> the asset is wholly excluded from the DNSP’s RAB; or what is allocated to the DNSP’s RAB is only the part of the total cost of the asset that reflects the proportionate share (that relates to direct control services) of the total quantified benefit that is forecast at the time the investment decision is made, where: <ol style="list-style-type: none"> prior to the RAB allocation at the DNSP’s next regulatory proposal, the DNSP includes in its regulatory proposal evidence, and a report from an independent auditor, that confirms compliance with this provision b); the DNSP may use the Government contribution to offset costs (regulated or unregulated) either partially or fully but may not exceed the total cost allocation to a particular stack (regulated or unregulated); the total cost of the battery allocated to the RAB must be an amount equal to or less than the forecast network benefit; and definitions: <ul style="list-style-type: none"> the total quantified benefit is the sum of both the forecast network benefit (quantified benefit derived from the deployment of the asset for direct control services) and the forecast non-network benefit (quantified benefit accruing to the DNSP derived from the deployment of the asset for other distribution service and other services) over its economic life. <p>Criteria</p> <p>The following criteria apply to projects that fall within class (b):</p> <ol style="list-style-type: none"> A DNSP must comply with the Cost Allocation Principles that require a 	<p>Start Date: 03/02/2023</p> <p>End Date: 30/06/2041</p>

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<p>DNISP to appropriately allocate and attribute costs for use of the asset between direct control services, other distribution services, and other services.</p> <p>2. A DNISP must provide, as part of that DNISP's independently audited annual ring-fencing compliance report that is required under clause 6.2 if the Guideline.</p> <ol style="list-style-type: none"> the total quantified benefit derived from the deployment of the asset or all services over the most recent financial year; the total quantified benefit derived from the deployment of the asset from direct control services over the most recent financial year; the total quantified benefit derived from the deployment of the asset from other distribution services and other services over the most recent financial year; and a comparison of the uses (volume and frequency) of the battery that confirms the usage by the DNISP and usage by its retail partner (or other third party), including the initial proposed allocation as a baseline against which actual usage of the assets can be compared. <p>The following criteria will apply to projects which fall within class (a) or (b):</p> <p>3. A DNISP must provide the AER with information as to the terms and conditions of the contracts entered into with third parties for the leasing of battery capacity. This information should include:</p> <ol style="list-style-type: none"> the name of the contracting party or parties; the volume of capacity (in kW or kWh) leased to that party or parties; the price the capacity is leased for; and which party controls the operation of the battery and on what terms. 	
<p>Waiver from the obligation to comply with clause 4.2 of the Ring-fencing Guideline (functional separation) to allow Ergon Energy to contract with AEMO to provide RERT services via voltage management.</p> <p>The scope of the class waiver is limited to the following pre-conditions:</p> <ul style="list-style-type: none"> DNISPs that negotiate with AEMO to enter into, and/or enter into, a RERT Panel Agreement with AEMO for the provision of short notice reserve via voltage management pursuant to rule 3.20.2 of the National Electricity Rules and clause 6 of the RERT Guidelines. DNISPs must not contract with AEMO to recover payments for pre-activation of reserve. If the DNISP's RERT Panel Agreement with AEMO ceases, the DNISP will no longer qualify for the class waiver (unless, and until, the DNISP 	<p>Start Date: 14/12/2022</p> <p>End Date: 15/04/2025</p>

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<p>commences negotiation to enter into a further RERT Panel Agreement with AEMO). For clarity, this class waiver expires on 15 April 2025, and will not apply to any RERT Panel Agreement (pre-existing or otherwise) beyond this date.</p> <ul style="list-style-type: none"> • DNSPs that meet the precondition of providing the AER with a copy of the RERT Panel Agreement entered into with AEMO. <ul style="list-style-type: none"> • Where possible, the RERT Panel Agreement should be emailed to AERringfencing@aer.gov.au immediately, or if it is being negotiated, within 20 business days of the agreement being finalised. The AER will treat this information as commercially sensitive and note our policies regarding information privacy and disclosure of information. <p>The class waiver is subject to the following conditions:</p> <ul style="list-style-type: none"> • DNSPs participating in the class waiver must provide the AER with quarterly performance reports, where RERT has been provided in that quarter, detailing: <ul style="list-style-type: none"> • the number of instances the DNSP provided short notice reserve to AEMO in a quarter (i.e. the number of times the reserve was activated by AEMO); • the volume (MW) of reserve provided in each instance that the DNSP provided short notice reserve to AEMO; and • the revenue received for each instance that the DNSP provided short notice reserve to AEMO. <p>These quarterly performance reports will be published on the AER website.</p> <ul style="list-style-type: none"> • DNSPs must notify the AER if the DNSP receives: <ul style="list-style-type: none"> • notification from a customer about any adverse impacts of the DNSP's provision of RERT services via voltage management; or • any other customer complaints relating to the quality of supply that may be associated with the provision of RERT services via voltage management. 	
<p>Waiver from the obligation to comply with clause 3.1 of the Ring-fencing Guideline to allow Ergon Energy to supply excess capacity of the five identified batteries to EEQ, subject to the conditions identified below.</p> <p>The following conditions apply with this waiver approval:</p> <ul style="list-style-type: none"> • Providing the AER with information on the contractual arrangement between Ergon Energy and EEQ. This information includes the contractual terms, conditions and payments. This information should be provided to AERringfencing@aer.gov.au within 20 business days of the contract being finalised. Where there are changes in this contractual arrangement, the AER should be notified within 20 business days. We acknowledge the commercially sensitive nature of this information and will treat this 	<p>Start Date: 04/03/2022</p> <p>End Date: 30/06/2035</p>

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<p>information, accordingly, noting our policies regarding information privacy and disclosure of information.</p> <ul style="list-style-type: none"> • Ex-post public sharing of information about the battery (e.g. location(s), size, intended purposes and uses, approved cost allocation method, and a key contact for external stakeholders if they wish to discuss the project further) and any useful learnings from the battery usage that will support the battery market. • Provide on an annual basis a comparison of the uses (volume and frequency) of the battery that confirms and differentiates between Ergon Energy network usage and spare capacity leased to Ergon Energy Retail, and an explanation of any differences between the two. The independent assessor, as part of the annual ring-fencing compliance assessment, is to confirm the comparison is accurate 	
<p>Waiver from the obligations to comply with clause 3.1(b) and clause 4.2 of the Ring-fencing Guideline, in respect of field services that Ergon Energy provides to and on behalf of Powerlink.</p>	<p>Start Date: 12/05/2020</p> <p>End Date: 30/06/2025</p>
<p>Waiver from the obligations under clauses 3.1(b), 4.2.1(a), 4.2.2(a) and 4.2.3(a) of the Guideline. This waiver allows Ergon Energy to continue to offer generation, distribution and retail services, using its own brand and distribution staff in remote areas of Queensland.</p>	<p>Start Date: 18/12/2017</p> <p>End Date: 30/06/2025</p>
<p>Waiver from the obligations under clauses 4.2.1(a), 4.2.2(a) and 4.2.3(a)i of the Guideline to allow the offices at Mareeba and Charters Towers to be classified as regional offices for the purposes of the Guideline.</p>	<p>Start Date: 18/12/2017</p> <p>End Date: 30/06/2025</p>
<p>Waiver from the obligations under clause 4.2.3 of the Guideline. This waiver allows Ergon Energy to continue to provide a connection service under long-term contract to Hayman Island.</p>	<p>Start Date: 18/12/2017</p> <p>End Date: 30/06/2025</p>
<p>Waiver from the obligations under clause 4.2.3 of the Guideline to allow Ergon Energy to continue to use the Ergon Energy brand for its retailer; Ergon Energy Queensland (EEQ).</p> <p>Waiver is granted on the condition that use of the EEQ brand is restricted to services that relate to the provision of standard retail contracts in the Ergon Energy distribution network. Behind-the meter contestable services are specifically excluded from this waiver and must have separate branding from Ergon Energy, such that no reasonable person would infer that Ergon Energy and any affiliated entity delivering contestable services are related.</p>	<p>Start Date: 18/12/2017</p> <p>End Date: 30/06/2025</p>

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<p>Waiver from the obligation under clauses 3.1 and 4.2.1, 4.2.2 and 4.2.3 of the Guideline in relation to the prospective reclassification of the following services:</p> <ul style="list-style-type: none">• emergency recoverable works;• public lighting and nightwatchman lights;• high load escorts;• property services,• network related training courses;• rental and hire services;• sale of inventory.	<p>Start Date: 18/12/2017</p> <p>End Date: 30/06/2020</p>
<p>Waiver from the obligations under clause 4.2.3 to allow them to continue use Energex and Ergon Energy branding on uniforms and fleet used in the provision of the following other services:</p> <ul style="list-style-type: none">• type 1-4 metering services;• test, inspect and calibrate services;• contracting services to other network service providers;• operation and maintenance of customer assets;• equipment services;• construction and maintenance of modular substations;• training to external parties - network related training courses.	<p>Start Date: 18/12/2017</p> <p>End Date: 31/12/2019</p>
<p>The AER also grants a waiver of Ergon Energy's obligation to comply with clause 3.1 of the Guideline from 18 December 2017 until 30 June 2018 so that Ergon Energy may novate existing contracts for other services to its affiliated entity.</p>	<p>Start Date: 18/12/2017</p> <p>End Date: 30/06/2018</p>

For further information or feedback, please email to: ring.fencing@energyq.com.au