

# RING-FENCING INFORMATION FOR SERVICE PROVIDERS

## 1. Purpose and Scope

Power and Water Corporation ('PWC') has recently updated its standard terms and conditions to include new clauses to meet its obligations under the Australian Energy Regulator's (AER) Ring-Fencing Guideline.

This document is intended to provide further direction and background to service providers on the Ring-fencing obligations that they must comply with under our amended standard terms and conditions.

Compliance with these requirements will be monitored and audited. You must report any actual or potential breach (intentional or unintentional) to [PNRegulationGroup.PWC@powerwater.com.au](mailto:PNRegulationGroup.PWC@powerwater.com.au) immediately upon becoming aware of circumstances that may result in a potential breach.

## 2. Background

The AER's Ring-Fencing Guideline (the '**Guideline**') applies to services and activities relating to the operation and maintenance of PWC's three regulated electricity networks (i.e. Darwin-Katherine, Alice Springs, and Tennant Creek).

Obligations under the Guideline as it applies to PWC are designed to address two potential harms arising from PWC's position as a provider of monopoly services. These include:

- **Cross subsidisation** - where PWC, as an electricity distribution network service provider (DNSP), is able to use its regulated revenue directly or indirectly to gain an advantage in a competitive market.
- **Discrimination** - where PWC, as a DNSP, is able to act in favour of a part of its business or a related entity by providing it with an advantage in a competitive market or handles ring fenced information inappropriately to obtain an unfair competitive advantage over other market participants.

Non-discrimination requirements under the Guideline require PWC to ensure that our service providers comply with the following provisions:

- Clause 4.1, and
- Clause 4.3.2.

Further details on these clauses are outlined below, including practical examples of what these obligations mean in practice.

## 3. Key Guideline requirements that apply to PWC service providers

Terms bolded in this section indicate that they have a specific meaning under the Guideline. Further details on definitions can be found in section 4 below.

### CLAUSE 4.1 OF AER RING-FENCING GUIDELINES: NON-DISCRIMINATION

#### 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**.



### 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.

## CLAUSE 4.3.2 OF AER RING-FENCING GUIDELINES: DISCLOSURE OF INFORMATION

### Principles

The **service provider** must:

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

### Permitted Disclosure

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

### Examples of Disclosure or Information Obligations:

For example, a **service provider** of the **DNSP** must:

- Not share any information about PWC, such as our connection services and access to the network, with other parties.

## 4. Definitions, Abbreviations and Acronyms

Some words and phrases that are commonly used in relation to ring-fencing are defined below:

### Contestable Electricity Services:

- (a) distribution services provided by Power and Water other than **direct control services**; or
- (b) services for the supply of electricity or that are necessary or incidental to the supply of electricity, other than:
  - transmission services; or
  - distribution services

**DNSP:** Power and Water Corporation (ABN 15 947 352 360)

**Related Electricity Service Provider** includes:

- (a) an affiliated entity of the DNSP; and
- (b) the part of the DNSP;

that provides contestable electricity services, but excludes a part of an affiliated entity that provides direct control services.

**Ring-fenced Information:** electricity information, acquired or generated by a DNSP in connection with its provision of direct control services, that is not already publicly available, and includes electricity information:

- (a) that the DNSP (defined above) derives from that information; or
- (b) provided to the DNSP by or in relation to a customer or prospective customer of direct control services.

**Service Provider:** means a provider of services to the **DNSP**.

## 5. Further Information

More information about the Ring-fencing Guideline and the latest version of the Guideline can be found on the Australian Energy Regulator's Ring-fencing page [here](#).

A marked up version of the Guideline to show how the Guideline applies in the Northern Territory can be provided from the Regulation, Economic and Pricing team by sending a request to:

[PNRegulationGroup.PWC@powerwater.com.au](mailto:PNRegulationGroup.PWC@powerwater.com.au)