



# Ring-Fencing Requirements for Service Providers

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# Ring-Fencing Requirements for Service Providers



## 1. 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.

This document will form part of the service contract between Energy Queensland Limited 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](mailto:ringfencing@energyq.com.au) immediately after becoming aware of it.

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

## 2. DEFINITIONS, ABBREVIATIONS AND ACRONYMS

Term	Definition
<b>Brand</b>	includes logos, trademarks, business name, website address or any other material that would identify the business to a reasonable person.
<b>Contestable Electricity Services:</b>	(a) distribution services provided by <b>Ergon Energy</b> and <b>Energex</b> other than <b>direct control services</b> ; or (b) any services for the supply of electricity, or necessary or incidental to the supply of electricity.
<b>Direct Control Services:</b>	represent the majority of the services <b>Ergon Energy and Energex</b> 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
<b>DNSP:</b>	Ergon Energy, Energex or both (as the circumstances dictate)
<b>Energex:</b>	Energex Limited (ABN 40 078 849 055)
<b>Energy Queensland:</b>	Energy Queensland Limited (ABN 96 612 535 583)
<b>Ergon Energy:</b>	Ergon Energy Corporation Limited (ABN 50 087 646 062)
<b>Offices:</b>	(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.
<b>Related Electricity Service Provider</b>	Include: (a) a related entity of the DNSP; and

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	(b) the part of the <b>DNSP</b> that provides contestable electricity services.
<b>Ring-fenced Information:</b>	all information related to the <b>DNSP</b> 's electricity network, customers or services acquired or generated by a <b>DNSP</b> in connection with its provision of <b>direct control services</b> , that is not already publicly available, and includes information derived from such information.
<b>Service Provider:</b>	the party to a contract for services, or who otherwise provides services to the <b>DNSP</b> that enable or assist the <b>DNSP</b> to supply <b>direct control services</b> , and includes its employees, agents and contractors.

## 3. REFERENCES

Ring-fencing Guideline Version 3 November 2021 ([Australian Energy Regulator](#))

## 4. 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 and 4.3.1 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**.

## 5. IMPLEMENTATION

### 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**; or
- two legal entities, in connection with the supply of **contestable electricity services** by those legal entities, on the basis of the use by one or both of those legal entities of assets owned, operated or otherwise controlled (in whole or in part) by the **DNSP**.

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

#### 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);

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- (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 electricity 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 4.2.1 and 4.2.2 of AER Ring-Fencing Guidelines: Staff Sharing And Physical Separation / Co-Location

### 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 **ring-fenced information** of **Ergon Energy** and **Energex** and ensures our **contestable electricity services** businesses are not given an unfair advantage over their competitors.

### 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:

- (a) the relevant staff member does not have access to information about the **DNSP's** network, customers or services;
- (b) 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 Clause 4.1 Non-discrimination of the Ring-Fencing Guidelines; or
- (c) 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.

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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](mailto:ringfencing@energyq.com.au) to obtain this approval.

## 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).

## Clause 4.3.2 of AER Ring-Fencing Guidelines: Protection of Ring-Fenced 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.

## Clause 4.2.3 of AER Ring-Fencing Guidelines: Branding and Cross-Promotion

### 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**.

### Advertising and Promotion

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