

1 September 2023



Professor Flavio Menezes
Chair
Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001

Dear Professor Menezes

Draft decision - Review of Guaranteed Service Levels to apply in Queensland from 1 July 2025

Ergon Energy Corporation Limited (Ergon Energy) and Energex Limited (Energex), both distribution network service providers (DNSPs) operating in Queensland, welcome the opportunity to provide comment to the Queensland Competition Authority (QCA) on its Draft decision - *Guaranteed Service Levels Review to apply in Queensland from 1 July 2025* (Draft decision).

The Draft decision¹ references Ergon Energy's isolated networks as stand-alone power systems (SAPS). In our opinion it is worth noting that isolated networks are not technically SAPS as contemplated by the Australian Energy Market Commission in its rule change and market reform that enables DNSPs to transition grid-connected customers to a SAPS where it is economically efficient to do so.

Section 6B of the *National Electricity Law* (NEL) reflects this intent. The definition of regulated SAPS does not operate until the regulation is made by a participating jurisdiction, which Queensland is yet to opt in. A regulated SAPS will be a SAPS implemented as part of the DNSP-led SAPS project or an existing SAPS of a DNSP designated by a law of a participating jurisdiction that forms part of the national electricity system. Further, the SAPS trials (Bustard Heads) referred to in the Draft Report² is not technically a SAPS, but rather a 'network-support SAPS'.

Should the QCA require additional information or wish to discuss any aspect of this response, please contact me on 0429 394 855.

Yours sincerely,

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Acting Manager Regulation

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¹ <https://www.qca.org.au/wp-content/uploads/2023/07/draft-report-final.pdf>

² Ibid