

Energy (Renewable Transformation and Jobs) (Transmission Ring-fencing Rule) Amendment Regulation 2025

Explanatory notes for Subordinate Legislation 2025 No. 107

made under the

Energy (Renewable Transformation and Jobs) Act 2024

General Outline

Short title

*Energy (Renewable Transformation and Jobs) (Transmission Ring-fencing Rule)
Amendment Regulation 2025*

Authorising law

Sections 170A and 177 of the *Energy (Renewable Transformation and Jobs) Act 2024*

Policy objectives and the reasons for them

The primary policy objectives of the *Energy (Renewable Transformation and Jobs) (Transmission Ring-fencing Rule) Amendment Regulation 2025* (Amendment Regulation) are to preserve the existing ring-fencing provisions in the *Energy (Renewable Transformation and Jobs) Regulation 2024* (Energy Regulation) and address a regulatory gap in these provisions relating to Powerlink's third-party service providers.

The National Electricity Rules require Powerlink, as a Transmission Network Service Provider, to comply with the Australian Energy Regulator's (AER) Transmission Ring-Fencing Guidelines. Queensland has established ring-fencing provisions in section 42 of the Energy Regulation, which modify Powerlink's obligations under these guidelines. These provisions were introduced to support Powerlink's role in implementing critical frameworks under the *Energy (Renewable Transformation and Jobs) Act 2024* (Energy Act), including the Priority Transmission Investments framework under part 5 of the Energy Act.

The current ring-fencing provisions replace certain obligations in the AER's *Ring-fencing Guideline Electricity Transmission (Version 4)* with the corresponding obligations from the AER's *Ring-fencing Guideline Electricity Transmission (Version 3)*. These replaced obligations include legal separation, obligation not to discriminate, information access and disclosure, and staff separation. These provisions also include consequential

modifications to the definition, waiver, and reporting clauses to support their practical application.

On 24 February 2025, the AER published the *Ring-fencing Guideline Electricity Transmission (Version 5)*, which is due to take full effect from 24 August 2025. These updated guidelines principally expand certain ring-fencing obligations to cover negotiated services as well as prescribed services. As a result of the release of the *Ring-fencing Guideline Electricity Transmission (Version 5)*, updates to Queensland's ring-fencing provisions are required.

The Amendment Regulation preserves the ring-fencing provisions in section 42 of the Energy Regulation. These provisions remain necessary for enabling Powerlink to maintain its current business model simultaneous to implementing and delivering significant new legislative functions under the Energy Act. This will enable Powerlink to deliver its role in implementing the Priority Transmission Investment and Renewable Energy Zone frameworks and associated projects.

A minor consequential modification to the service provider obligation in the *Ring-fencing Guideline Electricity Transmission (Version 5)* has been identified to ensure Powerlink's third-party service providers are subject to the same obligations as Powerlink under these hybrid arrangements.

Achievement of policy objectives

The Amendment Regulation will preserve the existing ring-fencing provisions by applying versions 3 and 5 (in place of version 4) of the AER's Transmission Ring-Fencing Guidelines to Powerlink. These updated provisions will continue to apply the legal separation, non-discrimination, information access and disclosure, and staff separation obligations from version 3, as they remain necessary to enable Powerlink to maintain its current business model.

Since the AER's updated *Ring-fencing Guideline Electricity Transmission (Version 5)* now covers negotiated services, the replaced obligations in the Amendment Regulation will similarly be extended to include negotiated services. The ring-fencing provisions must cover negotiated services because they are needed to enable Powerlink to maintain its current business model and ensure a consistent approach to the ring-fencing of information within one organisation.

Additionally, the Amendment Regulation maintains consequential modifications to the definition, waiver, and reporting clauses, and introduces a new modification to ensure Powerlink's third-party service providers are subject to the same obligations as Powerlink under these hybrid arrangements. This is designed to require Powerlink to ensure certain service providers are subject to the replaced obligations from version 3 relating to non-discrimination, information access and disclosure, and staff separation, rather than the version 5 obligations, which do not apply to Powerlink under these hybrid regulatory arrangements.

The remaining obligations from the *Ring-fencing Guideline Electricity Transmission (Version 5)* will continue to apply to Powerlink.

Consistency with policy objectives of authorising law

The Amendment Regulation is consistent with the policy objectives of the Energy Act.

Inconsistency with policy objectives of other legislation

The Amendment Regulation contains modifications to the AER's Transmission Ring-Fencing Guidelines, which result in inconsistencies with the ring-fencing framework under the National Electricity Rules. The inconsistencies are considered justified to achieve the policy objectives, and the derogations have been tailored to minimise their impact.

Furthermore, the derogations will be temporary, as section 170D of the Energy Act currently provides that Queensland's ring-fencing provisions will automatically expire on 31 December 2035. Additionally, these provisions will be reviewed to ensure they remain necessary and fit for purpose, with section 170C of the Energy Act requiring a review within 3 years of a regulation first being made under section 170A.

Alternative ways of achieving policy objectives

There is no other way to achieve the policy objectives.

Benefits and costs of implementation

The Amendment Regulation is necessary to support Powerlink's role in implementing critical transmission frameworks under the Energy Act and to address a regulatory gap in the existing provisions concerning service providers.

These amendments enable Powerlink to continue efficiently delivering these key legislative frameworks and associated projects. They also align Powerlink's third-party service provider obligations with Powerlink's obligations under these hybrid regulatory arrangements.

The Amendment Regulation is not expected to have any associated costs.

Consistency with fundamental legislative principles

The Amendment Regulation is consistent with fundamental legislative principles.

Consultation

Powerlink and the AER were consulted during the development of the Amendment Regulation and raised no issues.

In accordance with *The Queensland Government Better Regulation Policy* (the Better Regulation Policy), the Office of Best Practice Regulation was notified of the regulatory proposal and an Impact Analysis Statement prepared. The Amendment Regulation does not require further impact analysis under the *Better Regulation Policy* as it is deregulatory

(remove regulation), and it does not increase costs or regulatory burden on business or the community.