

ENRR Package 1 and related rule changes consultation paper

We have commenced a review of the regulatory framework for electricity networks to ensure it remains fit for purpose as the energy system changes. The consultation paper is the first step for Package 1 of the Electricity Network Regulation Review (ENRR or the Review). It focuses on the question of what services transmission and distribution network services providers (NSPs) should provide in this changing environment, and whether the current service classification and ring-fencing framework in the National Electricity Rules (NER) continues to promote the long-term interests of consumers.

The consultation paper also initiates and seeks feedback on two related rule change requests because they, too, raise important questions about the role of networks and the boundaries of network regulation. Considering these rule change requests alongside the review will allow the Commission to assess them against a consistent set of policy principles and in the broader context of the evolving regulatory framework. The two rule change requests are:

- The **Clarifying distribution ringfencing in emerging energy markets (ERC0435)** rule change request, submitted by Nexa Advisory (Nexa) on 3 March 2026, which seeks to strengthen the ring-fencing framework applying to distribution networks.
- The **Enabling DNSP led electric vehicle charging infrastructure (ERC0437)** rule change request, submitted by Energy Networks Australia (ENA) on 2 April 2026, which seeks to enable distribution network service providers to roll out kerbside electric vehicle charging infrastructure (EVCI) as a regulated service.

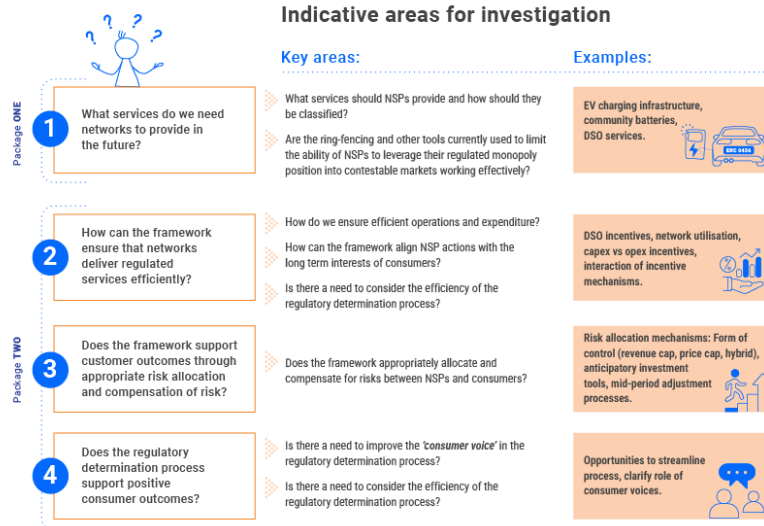
We are seeking your views on the issues raised in Package 1 of the ENRR, as well as the issues raised and proposed solutions (including costs and benefits) in the ENA and Nexa rule change requests. Submissions to the consultation paper are due by **23 July 2026**.

We are structuring the review into two packages

Our Review will focus on those aspects of the regulatory framework that determine which services networks provide should be subject to economic regulation and how the revenue NSPs require for the provision of these services is determined. This includes the service classification and ring-fencing framework, the parts of the regulatory framework that determine how NSPs are incentivised and compensated for providing these regulated services, and the regulatory determination process.

The Review will focus on four central policy areas that matter for consumers, and we have split the Review into two packages:

- **Package 1 (focus of the consultation paper)** will cover policy area 1, below. It will focus on the service classification and ring-fencing framework. In particular, it will focus on how different services provided by NSPs are classified, the ring-fencing and other tools currently used to ring-fence regulated network services from contestable services, and the treatment of assets used to provide regulated and unregulated services. The Review has been planned as a six month sprint to determine the Commission's recommendations on key policy principles, concluding at the end of 2026.
- **Package 2** will cover policy areas 2-4, below. It will be initiated shortly and is planned to run until the end of 2027. Further information on the scope of Package 2 is set out in the Final Terms of Reference.



We seek your views on the service classification and ring-fencing framework

Technological change and growth in consumer energy resources, together with changing consumer preferences and government policies are leading to the emergence of new energy services, which retailers, aggregators and other third party providers are increasingly competing to provide. The same factors are also leading to changes in the role that NSPs are expected to play in the national electricity market and the services they are expected to provide. This is particularly the case at the distribution level, with the role of distribution network service providers (DNSPs) expected to continue evolving as they increasingly become distribution system operators.

These changes are challenging some elements of the service classification and ring-fencing framework. Package 1 will focus on the core question of what services networks should provide in the future. We will also consider what, if any, changes need to be made to the service classification and ring-fencing framework in the NER to:

- provide more guidance on how emerging services should be classified and the form of economic regulation that should apply to regulated network services
- strengthen the ring-fencing arrangements
- ensure that network connection and facility access processes do not act as an impediment to competition in contestable markets
- accommodate the emergence of more dynamic and complex multi-service assets, such as community batteries.

We seek your views on Nexa's rule change request on distribution ring fencing

Nexa submitted a rule change request seeking to strengthen the distribution ring-fencing arrangements to address what it describes as "existing deficiencies and emerging competitive challenges within contestable energy service markets".

It expressed concerns about the increasing involvement of DNSPs in contestable markets and the perceived weakening of DNSP ring-fencing arrangements. Nexa considers that a series of waivers, trials and incremental relaxations of the ring-fencing arrangements will undermine competition by discouraging entry and investment by potential third party providers in these markets and harm consumers because the benefits of competition will not be realised.

Nexa has proposed that the ring-fencing provisions and associated governance arrangements in Chapter 6 of the NER be strengthened by:

- elevating core ring-fencing obligations and waiver conditions from the AER's distribution ring-fencing guidelines into the NER
- only allowing DNSPs to obtain ring-fencing waivers as a last resort, where there is an independently verifiable market failure and measurable consumer benefit

- providing more guidance in the NER on affiliate dealings and data access, and branding and cross-promotion, ring-fencing obligations
- introducing financial resilience requirements that can be used to financially ring-fence a DNSP if its financial position deteriorates, and
- providing for greater transparency of the AER's compliance monitoring and enforcement activities and establishing a ring-fencing complaint handling process.

We seek your views on ENA's rule change request on kerbside EVCI

The ENA has submitted a rule change request to address what it describes as a 'chicken and egg' problem with the uptake of electric vehicles and the deployment of EVCI, and to 'unlock affordable EV charging' that is accessible to the public. The ENA considers that public EV charging is important for reducing emissions in the transport sector and for better utilising the existing electricity grid's capacity.

The ENA considers that a DNSP EVCI rollout would provide benefits, including improved utilisation of existing distribution network assets and enabling EVCI to be rolled out more rapidly and at lower costs. ENA says DNSPs are currently prevented from performing this role because EVCI services are not classified as a direct control service.

The ENA proposes changes to the NER, including to the service classification provisions in Chapter 6, which, at a high level, would allow:

- DNSPs to roll out kerbside EVCI connected to existing distribution assets (e.g. power pole mounted EVCI) on an ongoing basis and provide retailers and other commercial suppliers of EV charging services (EV charging service providers) open access to EVCI services
- EV charging service providers to compete to supply electricity and charging services to EV users at the EVCI charging point on an ongoing basis.

The changes proposed would allow DNSPs to recover the costs of rolling out kerbside EVCI from electricity consumers through regulated charges and to use their existing infrastructure, workforce and systems to roll out the EVCI. The proposal would also require DNSPs that intend to install EVCI to publish a Distribution EVCI Deployment Strategy.

For information contact:

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25 June 2026