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Consultations Team, AEMC

Submitted by AEMC Portal

22 July 2026

Executive Summary

Enel X supports the AEMC's decision to consider the Electricity Network Regulation Review (ENRR), Nexa's ring-fencing rule change request and ENA's EVCI rule change request together. These raise fundamental questions regarding the role of network businesses, the services they should provide and how competitive neutrality should be maintained as the energy system evolves.

Enel X supports a number of the issues identified by Nexa, particularly those relating to transparency, information governance and competitive neutrality. However, Enel X considers that the AER should retain sufficient discretion to assess emerging technologies, services and innovative trials.

Enel X does not support changes allowing DNSPs to own and operate EVCI as an ongoing regulated service funded by electricity consumers where competitive alternatives exist. While targeted intervention may be justified in regional or uneconomic locations, alternative policy mechanisms should be considered before costs are socialised across all electricity customers.

Position on the Electricity Network Regulation Review

Enel X supports the AEMC's approach of considering the Nexa and ENA rule change requests alongside Package 1 of the Review. The issues raised are fundamentally market design questions concerning the appropriate role of network businesses, the boundaries between regulated and contestable services and the preservation of competitive neutrality.

Enel X considers that the existing market design appropriately distinguishes between monopoly network functions and competitive market activities. To ensure the best outcome for consumers, services should be delivered through competitive markets unless there is clear evidence that market failure exists and demonstrated rationale that regulated provision is the best alternative.

Ring-fencing Waivers

Nexa's proposal is focused on circumstances where a regulated monopoly business seeks approval to participate directly in a contestable market. The policy concern in these cases is whether a DNSP can use its market power and regulatory arrangements (like connection services or shared information between regulated and non-regulated staff) to its benefit and this crowds out private investment and competition for services.

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By contrast, the Enel X and VIOTAS waiver differs fundamentally from the circumstances contemplated by Nexa's proposal. The Enel X waiver addressed a regulatory limitation that was preventing the efficient delivery of a competitive market outcome by competitive service providers.

These are distinct situations and should not be conflated. One removes a barrier to competition, while the other considers the circumstances under which a regulated monopoly should be permitted to enter a competitive market. Accordingly, Enel X does not consider that reforms directed at DNSP ring-fencing waivers should have unintended consequences for waivers that support competitive service provision within the existing market design.

Response to Nexa Rule Change Request (ERC0435)

Enel X supports Nexa's objective of preserving competitive neutrality and ensuring DNSPs cannot leverage regulated monopoly advantages into contestable markets. The boundaries between competitive services and monopoly services need to be further clarified as the market continues to evolve.

Enel X supports:
• Greater transparency around ring-fencing waivers, compliance and enforcement activities.
• Stronger information-sharing, affiliate dealing and data governance obligations.
• Measures that increase stakeholder confidence that DNSPs and affiliates compete on a level playing field.

Enel X recognises that Nexa's proposed market-failure threshold is directed specifically at DNSP ring-fencing waiver decisions where regulated monopoly businesses seek to participate in contestable markets. In principle, contestable services should be provided competitively unless there is evidenced and demonstrated need for DNSP participation.

However, Enel X considers the AER should retain sufficient discretion to assess innovative trial arrangements on a case-by-case basis. Reforms should strengthen competitive neutrality without creating unnecessary regulatory rigidity.

Response to ENA EVCI Rule Change Request (ERC0437)

Enel X acknowledges concerns regarding the deployment of public EV charging infrastructure and recognises there may be locations where commercial incentives alone have not delivered the required investment.

However, Enel X does not support a broad ongoing role for DNSPs in owning and operating EVCI as a regulated service funded by electricity consumers.

Enel X considers:
• Any demonstrated market failure is likely to be location-specific rather than market-wide.

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• Regional and uneconomic 'black spot' locations may justify targeted intervention.
• Alternative policy mechanisms should be considered where market failures exist, including targeted government grants and competitive procurement processes before costs are recovered from all electricity consumers.
• Recovery of EVCI costs should be based on ‘user pays principles’ and only recovered from all electricity customers where an equally broad consumer benefit can be demonstrated.
• Competitive markets should remain the preferred delivery mechanism for EVCI wherever practical.

Enel X also supports reforms that make DNSP connection processes and facility access arrangements simpler, more transparent, consistent across jurisdictions, and more efficient for providers of EVCI, battery storage and other emerging services.

Connection, Asset Sharing and Access Arrangements

Enel X supports measures that encourage DNSPs to make greater use of existing infrastructure through transparent and non-discriminatory asset sharing arrangements. Efficient access to poles, network facilities and connection services can support competition and reduce overall customer costs.

Where necessary, the AER should consider whether existing shared asset arrangements and NSP cost allocation methodologies and regulatory arrangements remain fit for purpose and whether they allow and incentivise efficient use of network assets in regulatory control periods.

Conclusion

Enel X supports the AEMC's integrated consideration of the ENRR and Nexa and ENA rule change proposals. Enel X supports stronger competitive neutrality protections, enhanced transparency and improved information governance arrangements.

Contestable services should be delivered through competitive markets, with DNSP participation remaining subject to appropriate scrutiny.

While targeted intervention may be appropriate in limited circumstances where market failures are demonstrated, Enel X does not support broad regulatory changes that expand DNSP participation in contestable markets where competitive alternatives already exist.

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