

MINISTERIAL STATEMENT

REGULATORY FRAMEWORK REVIEW RETAIL ELECTRICITY LICENSING AND EXEMPTIONS

Rapid technological change is enabling the adoption of new and innovative energy-related business models and services both within and outside of the State's main power grid, the South West Interconnected System. These developments have the potential to deliver substantial benefits for Western Australia's electricity consumers and support the evolution of our power systems.

However, the changes are also providing increasing challenges for the regulatory framework governing electricity retail licensing and exemption activities under the *Electricity Industry Act 2004*. This regulatory framework was established at a time when electricity supplies were primarily centrally generated, and supplied to consumers via large transmission and distribution networks.

These challenges have most recently been highlighted by the Economics and Industry Standing Committee's Interim Report on Implications of a Distributed Energy Future as part of its Inquiry into Microgrids and Associated Technologies in Western Australia (Microgrids Inquiry). Innovative ways of generating, distributing and retailing electricity such as microgrids, embedded networks, and solar power purchase agreements (SPPAs) are not aligned with the licence categories and conditions applied in the current regulatory framework. This could pose risks for electricity consumers, who may assume continued enjoyment of protections that are generally available via traditional customer relationships, such as access to the Energy and Water Ombudsman for dispute resolution services.

The McGowan Government is committed to ensuring adequate consumer protections remain in place for the delivery of electricity supplies under new and emerging technologies and business models. With this in mind, I have asked the Public Utilities Office to undertake a review of the regulatory framework for retail electricity licensing and exemption activities (Retail Licensing Review).

The intent of the Retail Licensing Review will be to determine the most suitable form of regulation to ensure that all electricity consumers have adequate customer protections, regardless of the business model used for delivery of electricity supplies. The Review will also be informed by any recommendations made by the Microgrids Inquiry.

Given the intended scope of the Retail Licensing Review, I have determined that it would not be appropriate to continue consideration of any current, or future, SPPA retail licence exemption applications from this time onwards.

The rights and associated terms and conditions applied to any existing SPPA retail licence exemptions made under the *Electricity Industry (Solar Power Purchase Agreements) Exemption Order 2016* will remain unchanged pending the outcomes(s) of the Retail Licensing Review. I will be writing to the holders of these licence exemptions to inform them of this review process, and to existing SPPA retail licence exemption applicants to advise of the suspended consideration of these applications.

The Retail Licensing Review will not have any impact on other Exemption Orders made under the *Electricity Industry Act 2004*.

The terms of reference for the Retail Licensing Review will be released in July 2019. I welcome public input in the consultation process for the Review to assist development of a robust regulatory regime that ensures adequate protections for all electricity consumers.



Hon Bill Johnston MLA
Minister for Mines and Petroleum; Energy; Industrial Relations

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