



Government of Western Australia
Energy Policy WA

Stand-alone power systems (SPS)

Industry Forum

Wednesday, 11 August 2021

10:00am to 11:15am

Working together for a
brighter energy future.

Welcome, Acknowledgment and Introduction

Jai Thomas – Assistant Coordinator, Strategic and Consumer Policy

Agenda

10.05am Item 1:
Overview and background
Kathryn Barrie - Director, Strategic and Consumer Policy

10.15am Item 2:
The SPS Policy and Regulation Project
Amy Tait – A/Director, Planning and Coordination

10.30am Item 3:
Regulatory amendments (customer engagement, obligation to connect)
Sasha Naughton, A/Principal Policy Analyst, Strategic Energy initiatives

10:45am Item 4:
Regulatory and policy amendments (connection obligations, quality and reliability)
Amy Tait – A/Director, Planning and Coordination

11:00am Item 5:
Next steps, Q&A and close
Jai Thomas, Assistant Coordinator, Strategic and Consumer Policy

Agenda item 1: Overview and background

Kathryn Barrie – Director, Strategic and Consumer Policy

The Western Australian SPS story...

Western Power

2016

Trial – Six units deployed

2020

Round 1 – 52 units completed

Over next 2 years

Round 2 – 98 units

- 35 units reprioritised from Round 2 – Cyclone Seroja response

Over next 4 years

up to 850 units

Over coming decades

~6,000 customers to be transitioned

Horizon Power

2016 to date

~25 SPS deployed

Over next 2 years

Up to 50 SPS

Over next 4 years

Up to 150 units

Over coming decade

1,000 SPS candidates identified



Legislative and regulatory framework

*Electricity
Industry Act
2004*

An Act to govern the operation and regulation of the Western Australian electricity industry and for related purposes.

*Electricity
Corporations
Act 2005*

An Act to provide for the establishment and operation of electricity corporations and for related matters.

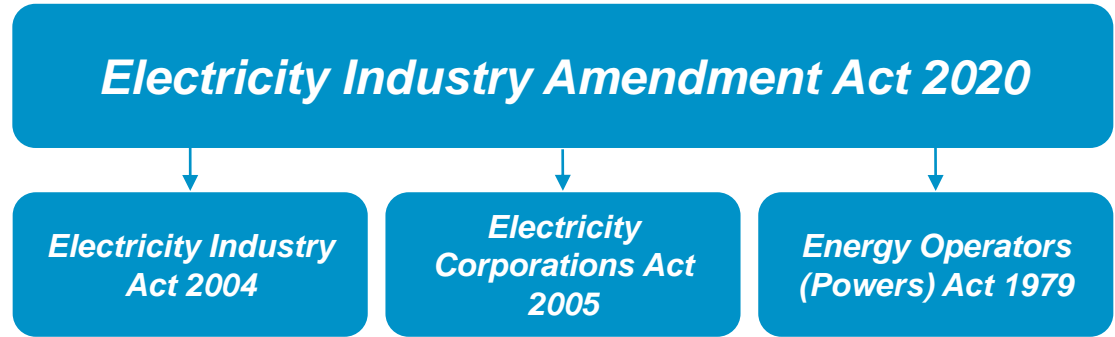
*Energy
Operators
(Powers)
Act 1979*

An Act to vest powers in energy operators, to make other provision in respect of the functions of those operators, and for related and other purposes.

*Electricity
Networks
Access Code
2004*

The Access Code establishes a framework for economic regulation and third party access to electricity transmission and distribution networks.

Legislative and regulatory amendments to date



Received Royal Assent in April 2020

Electricity Networks Access Code 2004

Access Code changes progressed by the Energy Transformation Taskforce in September 2020

SPS Policy and Regulation Project

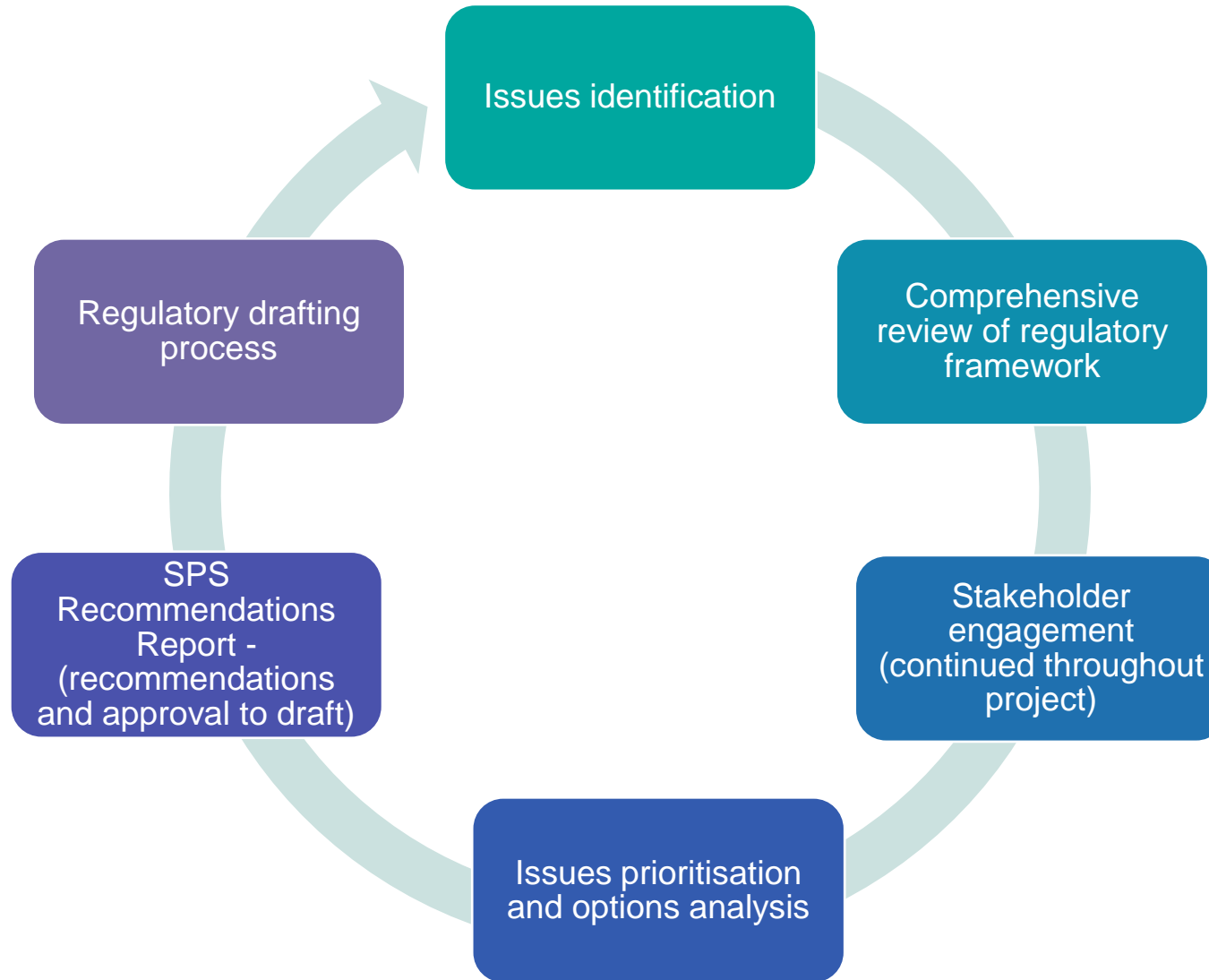
SPS Recommendations Report approved by Minister for Energy in January 2021

Agenda item 2:

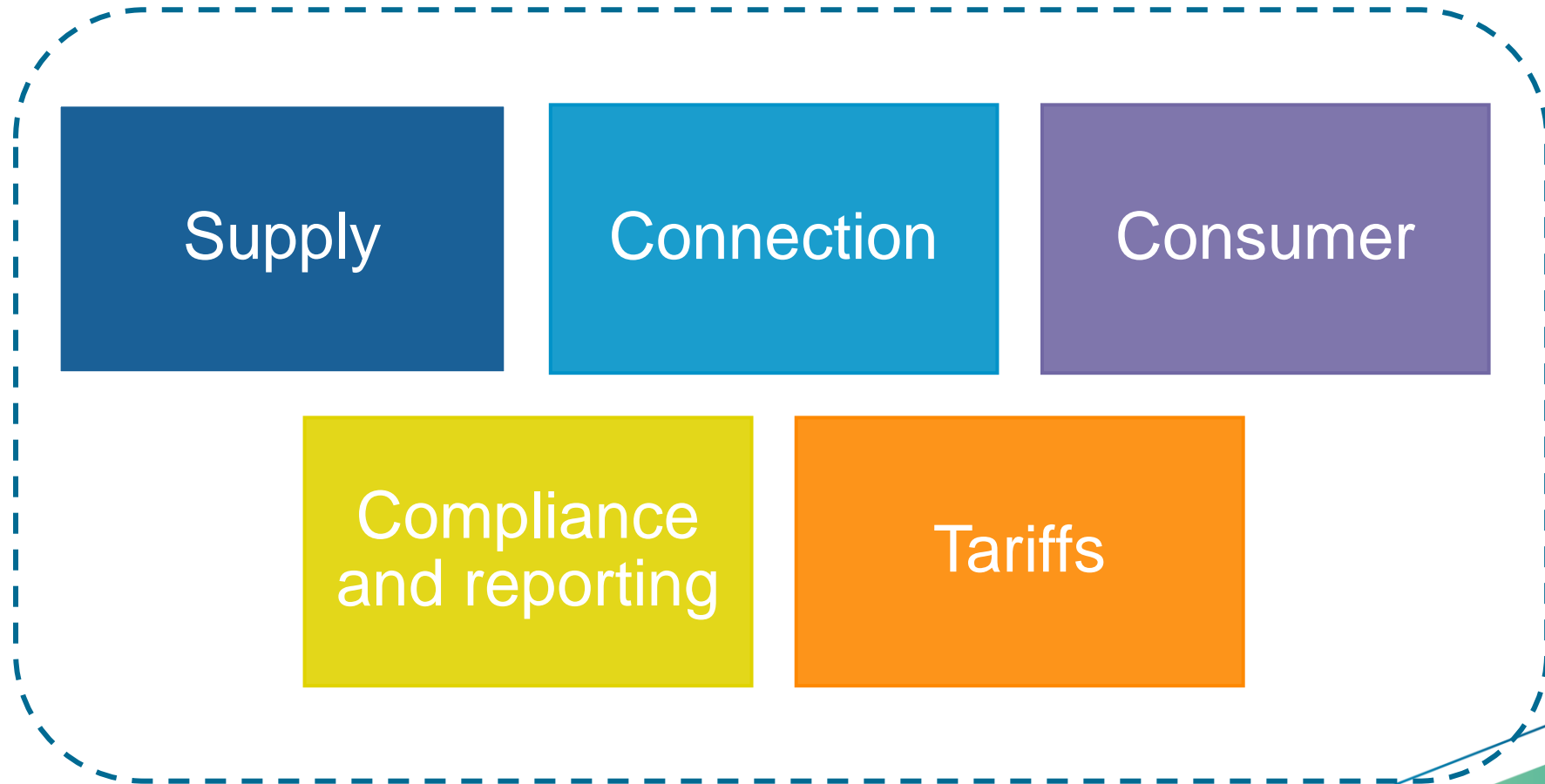
SPS Policy and Regulation Project

Amy Tait – A/Director, Planning and Coordination

SPS Policy and Regulation Project



Key issues reviewed under the SPS Policy and Regulation Project



New and amending regulatory instruments

Open for public comment until 27 August 2021

New Regulations

- Electricity Industry (Stand-Alone Power Systems) Regulations 2021

Amending Regulations

- Electricity Corporations (Electricity Generation and Retail Corporation Area of Operation) Amendment Regulations 2021 – **gazetted 15/01/2021**
- Electricity Industry Regulations Amendment (Stand-Alone Power Systems) Regulations 2021 which amend:
 - Electricity Industry (Licence Conditions) Regulations 2005; and
 - Electricity Industry (Obligation to Connect) Regulations 2005.

Code Amendments

- Electricity Industry (Network Quality and Reliability of Supply) Code 2005

Issues outside of the new and amending regulatory amendments out for public comment

Supply

Customer classes

restricting SPS supply to large isolated loads such as mining operations
(Western Power customers only)

Consumer

Customer protections

ensuring existing consumer protections are applicable to SPS customers

PV integration

understanding the technical feasibility of integrating customer owned PV

Compliance and reporting

Safety provisions
ensuring all current safety requirements apply to SPS

Tariffs

Tariffs
existing uniform tariff structures will continue for SPS customers

Agenda item 3:

Regulatory amendments

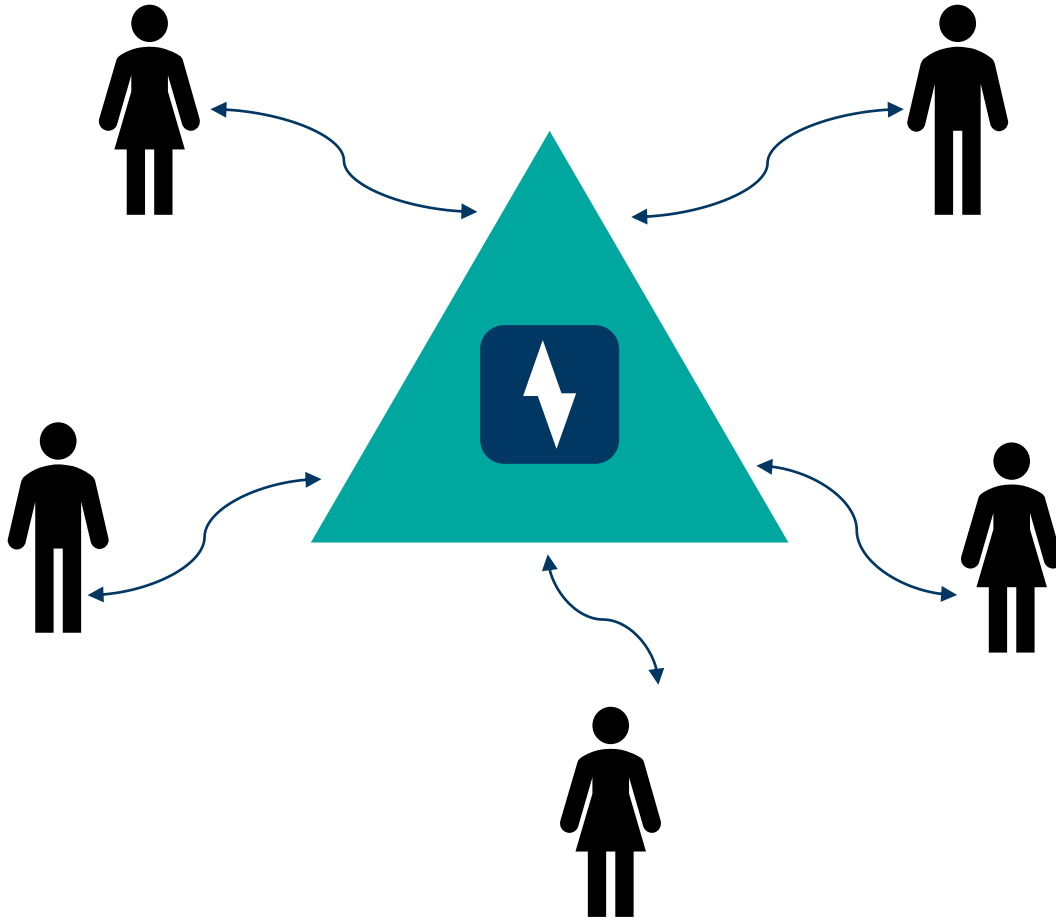
- Prescribed number of customers
- Customer engagement
- Obligation to connect – right to connect and cost

Sasha Naughton – A/Principal Policy Analyst, Strategic Energy Initiatives

Prescribed number of customers

Electricity Industry (Stand-Alone Power Systems) Regulations 2021

Prescribed number of customers



Problem

The definition of SPS inserted into the *Electricity Industry Act 2004* refers to supply to a single customer or not more than a prescribed number of customers. Therefore, in the absence of a prescribed number, the maximum number of customers that can be supplied by an SPS is one.

Solution

New regulations have been drafted that prescribe the maximum number of customers an SPS can serve as five.

Customer engagement and obligation to connect

Electricity Industry Regulations Amendment (Stand-Alone Power Systems) Regulations 2021

Customer engagement obligations

Problem

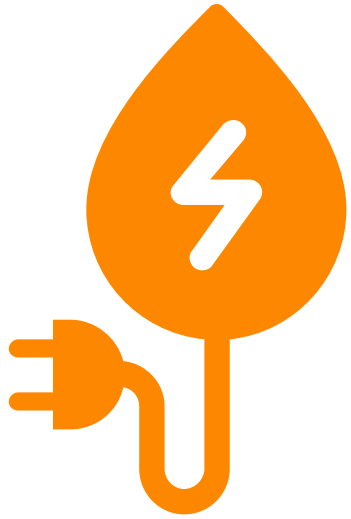
The statutory function to provide SPS means that Western Power's SPS implementation transitioned from an explicit consent model to an 'automatic' rollout.

Solution

- ✓ Western Power and Horizon Power must develop and publish a customer engagement strategy specific to SPS to ensure that customers have access to comprehensive and consistent information about the service they can expect to receive.
- ✓ The engagement strategy must be reviewed at least every two years.



Obligation to connect – right to connect



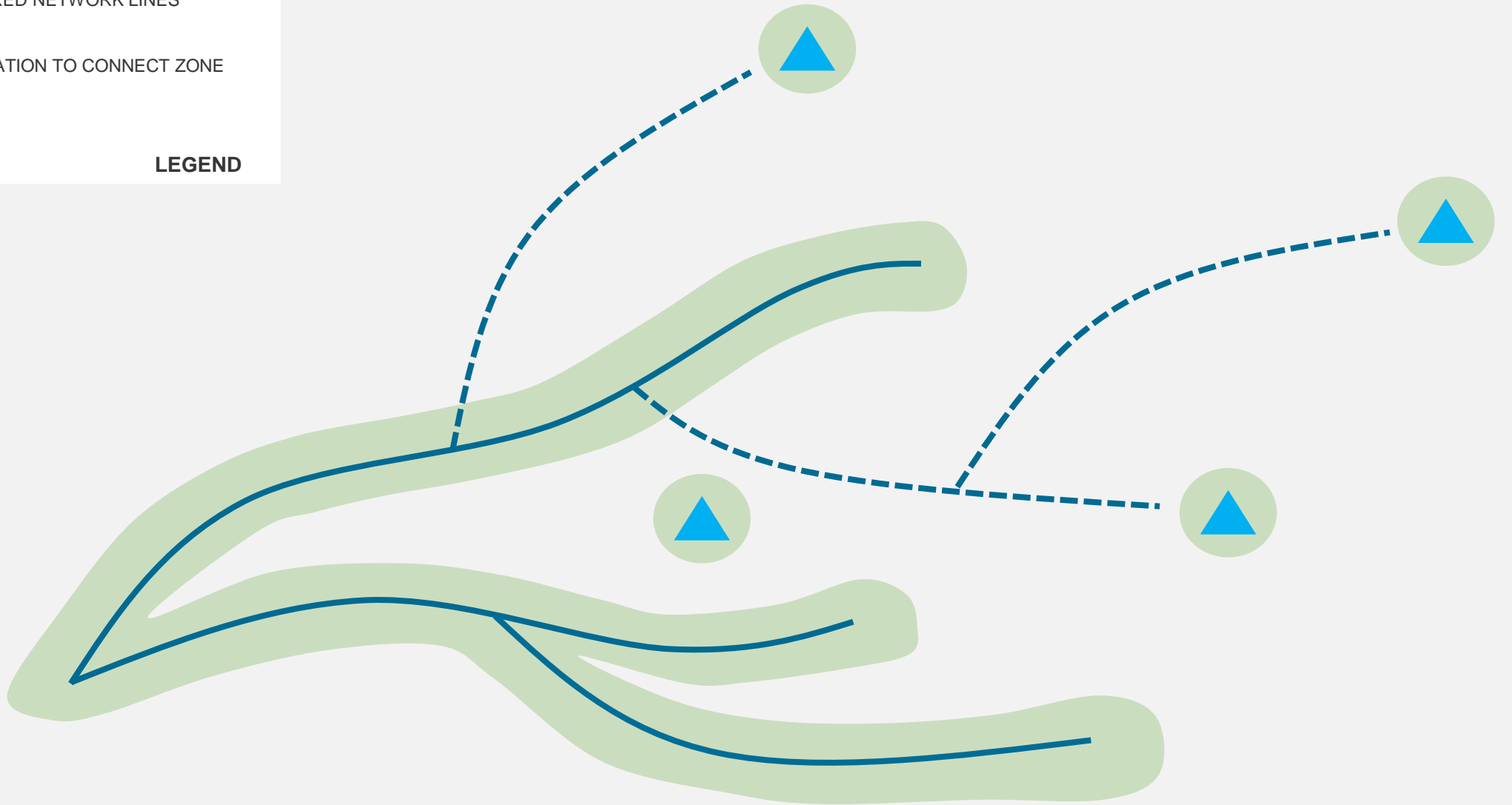
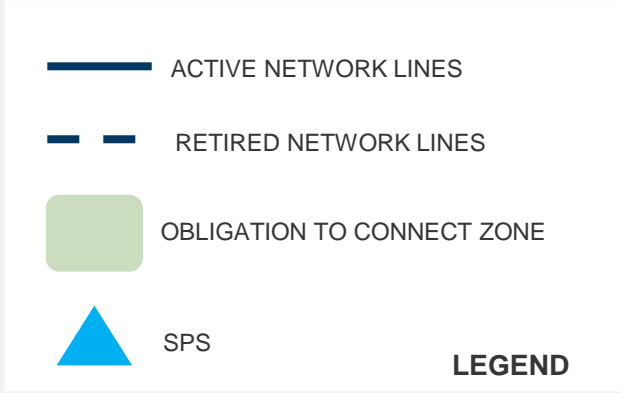
Problem

All customers who were located within 100 metres of the poles and wires prior to their removal will no longer be covered by the OTC Regulations, unless they remain within a 100-metre radius of an SPS.

Solution

The obligation to connect is grandfathered over the existing area for a period of ten years from the removal of poles and wires.

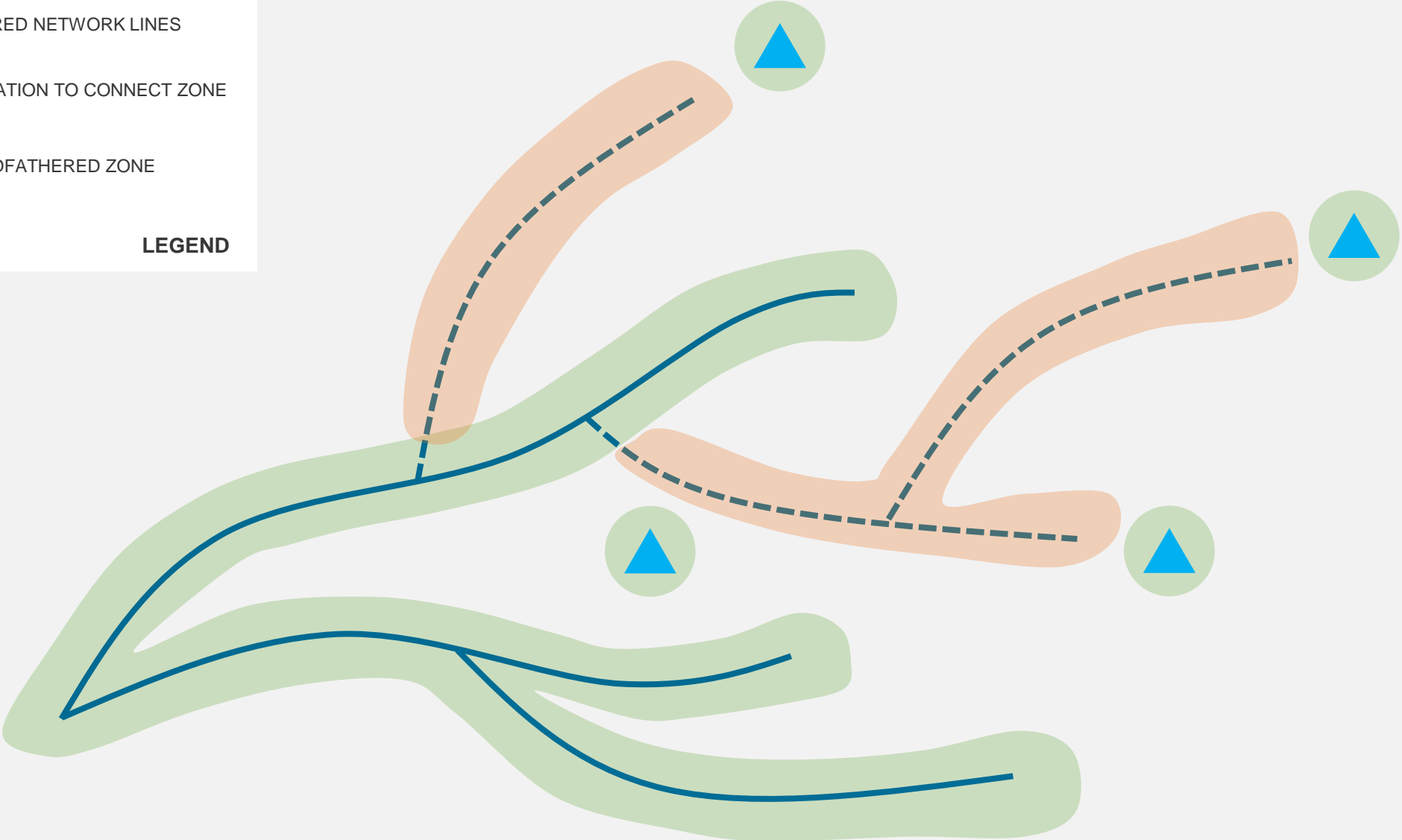
Footprint of the Obligation to Connect Regulations if no change is made



Footprint of the Obligation to Connect Regulations grandfathered zone

LEGEND

- ACTIVE NETWORK LINES
- RETIRED NETWORK LINES
- OBLIGATION TO CONNECT ZONE
- GRANDFATHERED ZONE
- SPS



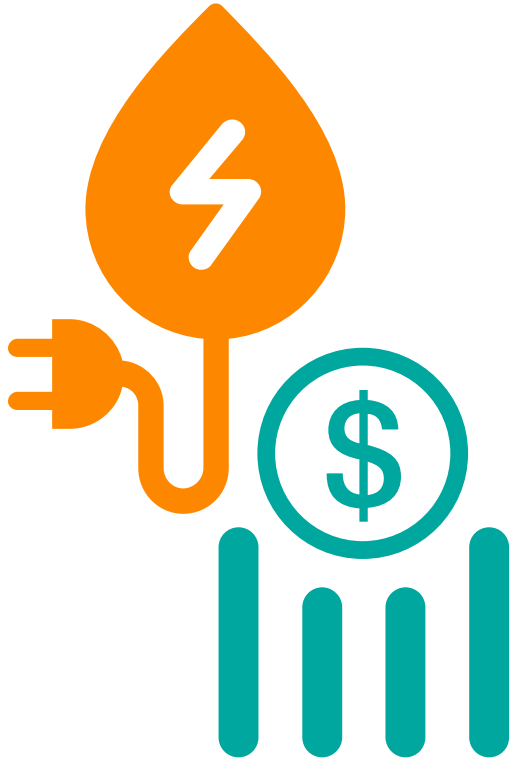
Obligation to connect – price capping

Problem

When poles and wires have been removed, a customer may be required to pay more for a new SPS than they would have for a traditional network connection.

Solution

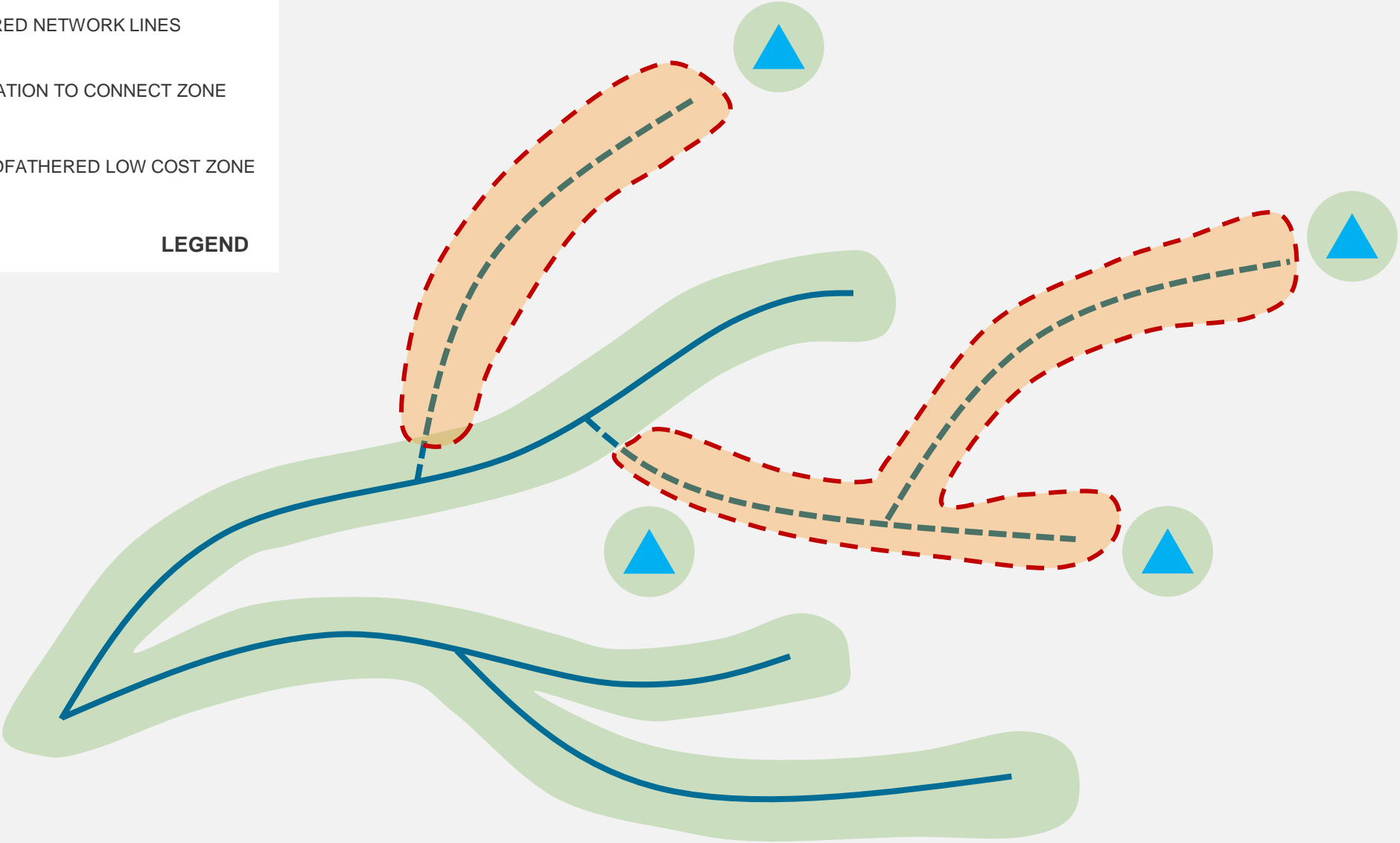
For a period of two years from notification of the pending removal of poles and wires, an SPS must be offered to customers at either a network equivalent cost or an SPS cost (whichever is lowest).



Grandfathered cost within the Obligation to Connect 'zone'

LEGEND

- ACTIVE NETWORK LINES
- RETIRED NETWORK LINES
- OBLIGATION TO CONNECT ZONE
- GRANDFATHERED LOW COST ZONE
- SPS



Agenda item 4:

Regulatory and policy amendments

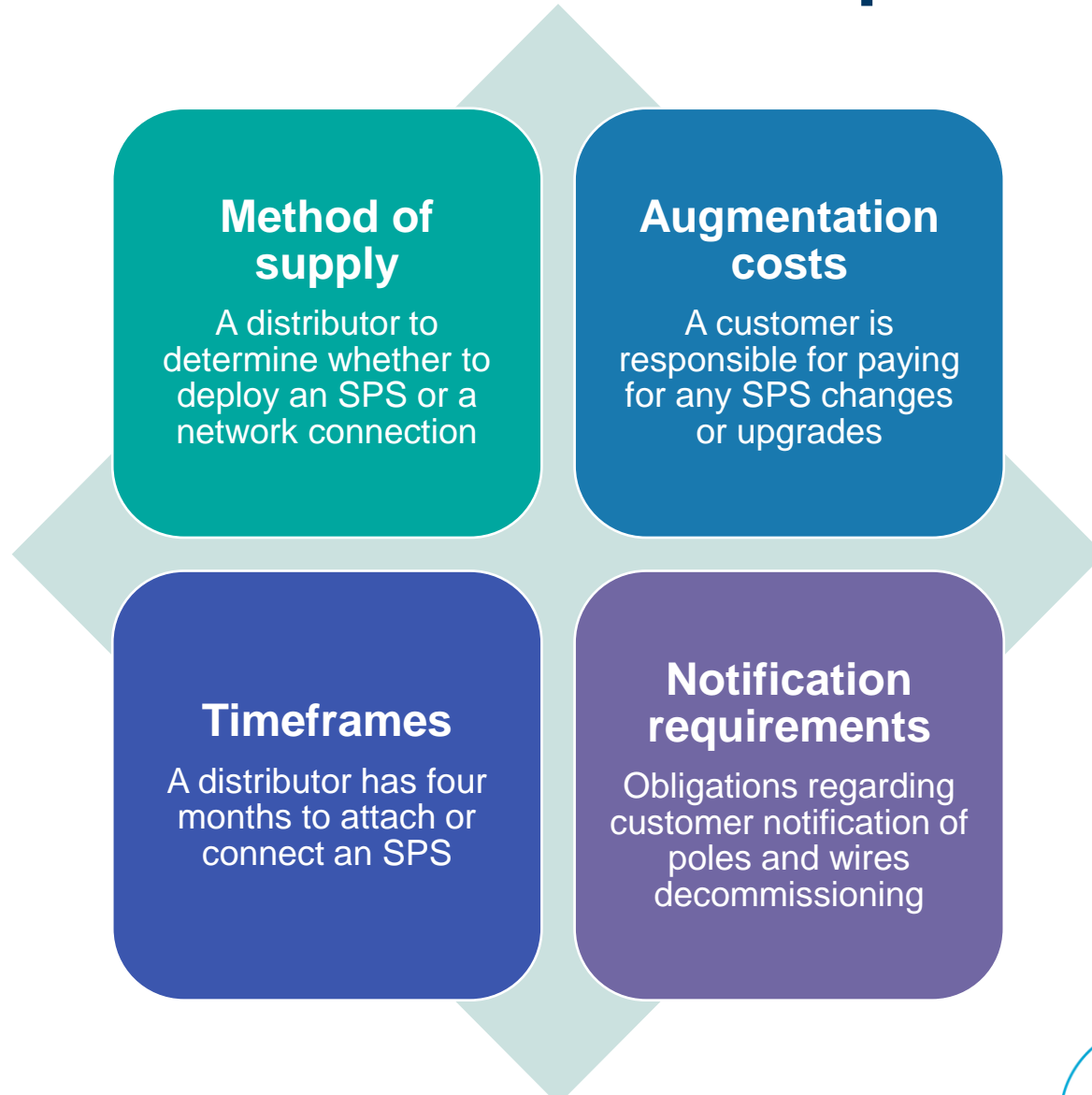
- **Obligation to connect – other provisions**
- **Quality and reliability reporting**

Amy Tait – A/Director, Planning and Coordination

Obligation to connect (additional provisions)

Electricity Industry Regulations Amendment (Stand-Alone Power Systems) Regulations 2021

Obligation to connect – additional provisions



Quality and reliability reporting

Electricity Industry (Network Quality and Reliability of Supply) Code 2005

Quality and reliability reporting for SPS

Problem

The current reporting structure does not provide any visibility of SPS performance as a new and separate technology type, nor does it allow for useful comparison of SPS with other connection types in the area.

Solution

Amendments ensure that the definition of network explicitly includes SPS, and that SPS is considered as its own item and included as a separate reporting category under the NQRS Code.

Next steps

1

Proposed amendments to regulatory instruments

- Open for public comment until 27 August 2021

2

Review of stakeholder submissions

- Completed 15 September 2021

3

Revise amending instruments (if required)

- Completed 30 September 2021
(dependent on nature of submissions)

4

Government regulatory approvals process

- Completed by late 2021

Q&A

Jai Thomas - Assistant Coordinator, Strategic and Consumer Policy

*We're working for
Western Australia.*