ENPOWERED

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Energy Policy WA
Department of Energy and Economic Diversification
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Dear Energy Policy WA

EXPOSURE DRAFT ALTERNATIVE ELECTRICITY SERVICES CODE OF PRACTICE 2027 – SINGLE PROPERTY NETWORKS

Enpowered welcomes the opportunity to provide feedback on the exposure draft *Alternative Electricity Services Code of Practice 2027* (the **Code**) as it applies to single property networks (**SPNs**). Terms not defined in this submission have the same meaning as in the Code.

About Enpowered

Enpowered is a wholly-owned subsidiary of Hesperia, formed as a dedicated renewable energy business to help Hesperia deliver on its goal to transition to 100% renewable energy. Enpowered develops, owns and manages SPNs and the solar photovoltaic (**PV**) and battery energy storage system (**BESS**) assets within them, and supplies electricity to residential, commercial and industrial customers behind a single Western Power connection point. Enpowered's team comprises energy specialists with expertise in renewable energy project development, electricity retailing and energy advisory.

Enpowered supplies 100% renewable electricity to tenants within Hesperia's SPNs by maximising on-site generation to the greatest extent feasible and importing the balance of a site's requirements from the grid as GreenPower or electricity matched with renewable energy certificates.

Enpowered funds solar PV and BESS assets and recovers that investment through the price of electricity supplied to customers over the operating life of the assets, typically 10 to 20 years. The longer the recovery period, the lower the price at which electricity from those assets can be supplied.

About Hesperia

Hesperia is building Western Australia for the future. Hesperia's projects work to solve the pressing environmental, social and economic problems of our state to create a legacy we can all be proud of.

Hesperia leads in sustainability for the good of the environment, our communities and our people. Hesperia is B Corporation and Climate Active certified.

Benefits of SPNs in Encouraging Investment in Renewable Generation and Storage

SPNs are an effective vehicle for investment in on-site solar and battery storage, for three reasons.

Benefits from scale and long-term investment horizon. In industrial and commercial precincts, an SPN allows solar PV and BESS to be sized to the aggregate load of the precinct rather than to each tenancy. Larger systems are more capital efficient to install and operate. Tenancies with limited roof area or short lease terms, which would not justify a system of their own, share in generation from the precinct as a whole, because SPN providers like Enpowered are able to take precinct-level and longer-term views on investment in distributed energy resources.

Benefits from co-location of load and generation. Within an SPN, each kilowatt-hour generated on-site and consumed within the network displaces a kilowatt-hour imported from the grid, together with the wholesale energy, network, capacity and certificate costs attached to it. Co-locating appropriately sized generation and storage with load also reduces demand on the South West Interconnected System at peak times and reduces the need for network augmentation.

Benefit sharing. The financial benefit of investment in on-site generation and storage can be passed through to customers as lower electricity prices, or to owners as lower strata levies or outgoings, depending on the agreement with the strata company or property owner.

Whether that investment is made depends on the ability of the SPN provider to recover it over the life of the assets.

Feedback on the Draft Code

Enpowered supports the Code's intent to align protections for small use customers within an SPN with those available to customers outside of an SPN. Enpowered is well-placed to comply with the Code once finalised.

Our comments and proposed amendments are summarised below and set out in the sections that follow.

Clause	Issue	Proposed amendment
27(1)	Applies to both small use and large use customers, where the price protections in cl 24 and 25 apply only to small use customers.	Apply cl 27 to small use customers, consistent with cl 24 and 25.
27(4) – (5)	There is no price ceiling on a special tariff in a wholly renewable SPN, and cl 27(5) could be read to bar any recovery of DER investment through the special tariff.	Insert an express cap (standard tariff plus the reasonable costs of supply from renewable sources that are not DER) and clarify that DER installation costs may be recovered as part of the special tariff.
30	Gives large use customers a statutory exit from the SPN when exit rights can be privately agreed.	Allow the provider and a large use customer to contract out of cl 30 in the SPN agreement.

Clause	Issue	Proposed amendment
17 and 34	Read literally, consumption at a supply address must be measured by a single SPN meter, which does not accommodate a supply address with DER metered behind a front meter, or one supplied through several meters.	Permit consumption at a supply address to be calculated from the readings of more than one SPN meter, each compliant with cl 17(2).

1. Clause 27 Should Be Clarified on Cost Recovery and Aligned With the Small Use Customer Protections

Consistent with our 2023 submission on the Embedded Networks Voluntary Code of Practice, and reading the Code as a whole, our view is that clause 27 intends to balance price protection for small use customers against a provider's ability to recover the additional costs of sourcing grid-imported electricity from renewable sources, such as the cost of GreenPower.

The on-sale of electricity at the standard tariff may be insufficient for the wholly renewable SPN to be economically viable where:

- an SPN is wholly supplied from renewable sources, the proportion of energy consumed within the SPN that comes from distributed energy resources is low (for example, because roof space is limited and building energy demand is high), and
- the incremental cost of grid-supplied electricity from renewable sources is high (for example, a high 100% GreenPower premium)

The Code seeks balance by permitting a special tariff and making the standard tariff unavailable for SPNs wholly supplied from renewable sources. Clause 27(4) provides that the reasonable costs for the supply of electricity from renewable sources may be recovered as part of a special tariff.

The current drafting of clause 27(5) could be interpreted to prohibit any recovery of the investment made in distributed energy resources under the clause 27 special tariff, which would deny a provider the ability to recoup that investment from the sale of electricity generated by those assets. We agree with what appears to be the intent of clause 27(5): that the installation of distributed energy resources should not be used as an avenue to charge small use customers more, through the clause 27 special tariff, than the standard tariff that would otherwise have applied. That investment should be recovered at a price that is up to the standard tariff.

An express ceiling on the special tariff matters because a customer to whom clause 27 applies cannot opt out of it in favour of the standard tariff. The ceiling is therefore the small use customer's price protection in the absence of an ability to opt out of the special tariff.

Finally, the price protections and disclosures in clause 27 as drafted apply to both small use and large use customers. Given the price protections in clauses 24 and 25 are for the benefit of small use customers only, clause 27 should be similarly aligned.

Proposed Amendment

Four amendments to clause 27 are proposed, to ensure its application is internally consistent with the Code and to remove the potential for ambiguity.

- Amend subclause 27(1) so that it applies only in relation to small use customers.
- Insert a new subclause 27(5) after subclause 27(4): 'The charges payable by a small use customer to the provider under the special tariff must not exceed the charges that would have applied under the standard tariff, plus the reasonable costs for the supply of electricity from renewable sources.'
- Previous subclause 27(5) becomes subclause 27(6), retaining the exclusion of distributed energy resource installation costs from 'reasonable costs'.
- Insert a new subclause 27(7): 'Notwithstanding subclause (6), and subject to subclause (5), the special tariff may contribute to recovery of costs incurred by the provider for the installation of a distributed energy resource.'

2. Exit Rights for Large Use Customers Can Be Privately Agreed

Clause 30 requires a provider to facilitate a direct licensed network connection for any customer above 50 MWh per annum, including large use customers, recovering the costs of facilitating this. In Enpowered's experience, large use customers entering an SPN are sophisticated enough to understand that they are entering an SPN and the benefits and trade-offs that arise, and to negotiate exit rights with the SPN provider (or property owner). Those terms are readily negotiated and settled by contract.

The SPN provider and the large use customer may agree a lower tariff in return for the large use customer agreeing not to exercise its right to exit the SPN under clause 30. The lower tariff could be achieved because the SPN provider does not need to price in the risk that its investment in distributed energy resources is not fully recovered due to the exit of the customer from the SPN.

Proposed Amendment

Insert a new subclause in clause 30 providing that the clause does not apply in relation to a large use customer where the SPN agreement between the provider and the customer provides that it does not apply.

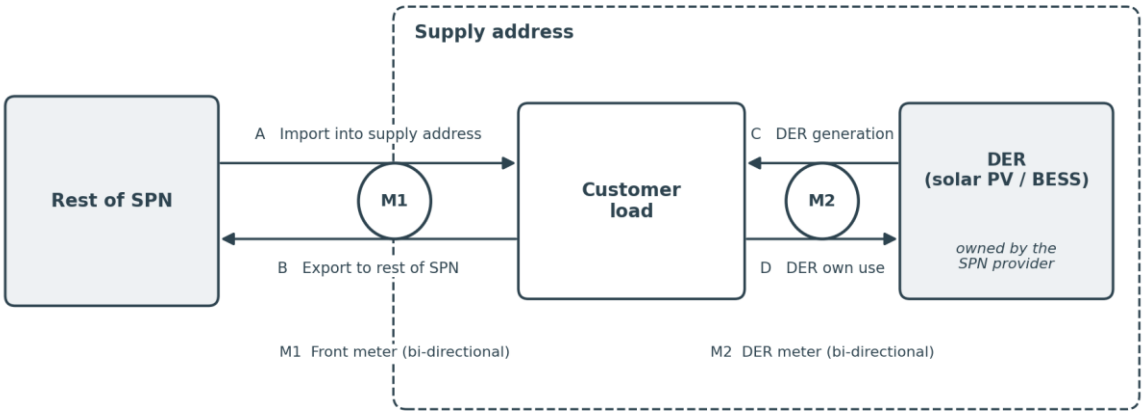
3. Consumption at a Supply Address Should Be Calculable From More Than One SPN Meter

Clauses 17 and 34 refer to a single meter to measure electricity consumed at a supply address.

Enpowered is aware of a number of SPNs in the market in which tenancies are supplied through more than one SPN meter: a 'front meter' at the boundary of the supply address, measuring electricity flowing into the address from the rest of the SPN and out of it, and a 'DER[1] meter' behind that 'front meter', measuring electricity generated by the solar PV or BESS and any electricity the

[1] DER: distributed energy resource

DER system itself consumes. Consumption at the supply address is then a calculation across both meters, as the diagram shows.



Consumption at supply address = (A + C) − (B + D)

Consumption at the supply address is the electricity imported into the address through the 'front meter' (M1) plus the electricity generated by the DER as measured by the 'DER meter' (M2), less the electricity exported from the address to the rest of the SPN through the front meter and the electricity consumed by the DER system as measured by the 'DER meter'. Neither meter individually measures consumption at the supply address.

This arrangement is necessary where a customer is entitled to use electricity generated by DER at the supply address because the DER output consumed on-site must be measured to be billed and disclosed. A single front meter would record only the net flow at the boundary.

Separate from the above example, there may also be scenarios where a supply address is supplied with electricity from the SPN through more than one meter and the electricity consumed at a supply address is the sum of the quantities measured by all the meters.

Proposed Amendment

Insert a new subclause 17(4): 'The consumption of electricity within the SPN at a supply address may be measured by and calculated from the readings of more than one SPN meter, each of which complies with subclause (2) with the calculation given to the customer upon their request.'

Observations on Standard Tariff Cost-Reflectiveness

We understand that the Code aims to align price protection for residential customers and non-residential customers consuming no more than 50 MWh per annum in SPNs with those outside of SPNs through standard tariffs set at the A1 and L1 tariffs respectively.

We observe that these tariffs are not identified as '[approximating] cost-reflective levels' in the Western Australian 2026-27 State Budget Papers[2]. We also observe that a 'new… financial viability

[2] Western Australian 2026-27 Stage Budget Paper 3, page 349

subsidy will be provided to Synergy to partially fund the under recovery of the A1 tariff that cannot be passed on to residential customers'[3].

While the A1 and L1 tariffs are below cost-reflective levels, SPNs that are operated independently of property owners may not be economically viable. Economic viability of these SPNs may be possible through investment in sufficient amounts of solar PV and BESS by the SPN provider.

Closing Comments

Enpowered is committed to making electricity from wholly renewable sources available and economically sustainable for all its customers. The proposed amendments would allow independent SPN service providers to keep investing in on-site renewable generation and storage, while preserving the protections the Code provides to small use customers.

Thank you for your consideration of our submission. If you wish to discuss it further, please contact me on

Yours sincerely

Linh Le
Director
Enpowered

[3] Western Australian 2026-27 Stage Budget Paper 3, page 335