



INFORMATION PAPER

Stand-alone Power Systems (SPS)

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

The Minister for Energy has given approval to draft amendments under section 39 of the *Electricity Industry Act 2004* (Industry Act) to the Electricity Industry (Network Quality and Reliability of Supply) Code 2005 (NQRS Code) to ensure that SPS is captured under the definition of network; and that it is a separate category for quality and reliability reporting.

Background

In the right circumstances, SPS are more cost-effective, safer, and more reliable than traditional network infrastructure. This is particularly relevant in regional and remote locations where the cost to supply electricity is high and customers are likely to experience substandard power reliability.

While significant opportunities exist for SPS as a network alternative, the regulatory and policy framework was not designed to govern supply through an SPS. Energy Policy WA has recently progressed several initiatives to address legislative and regulatory barriers which include:

- amendments to relevant energy legislation through the *Electricity Industry Amendment Act 2020*;
- changes to the Electricity Networks Access Code 2004 to support to Western Power's use of SPS and allow for the recovery of efficient expenditure through regulated network tariffs; and
- a comprehensive review of all relevant regulatory instruments and policies to ensure adequate provision for SPS.

Overview

Energy Policy WA's review of regulatory instruments and policies included consideration of the application of the NQRS Code in an SPS context. As a relatively new supply arrangement, SPS does not fit within many of the existing rules and requirements of our electricity regulatory framework. One such issue is the way in which network operators report on network performance.

Current quality and reliability standards prescribed under the NQRS Code do not contemplate SPS. Energy Policy WA considers it important to have visibility over the performance of SPS, particularly as a new supply arrangement, to ensure customers are receiving an appropriate level of service, and to provide transparency across the distribution network.

Current NQRS Code arrangements

The NQRS Code specifies the quality and reliability standards that network operators are, as far as is reasonably practicable, required to comply with. The standards have not been changed since the NQRS Code was first introduced in 2005.

The NQRS Code requires network operators to report on network performance within set geographical areas of the state, being: “Perth CBD”, “Urban areas other than Perth CBD”, and “Any other area of the State”, and measures all supply disruptions regardless of the cause. The NQRS Code also requires network operators to prepare and publish an annual performance report.

Based on the current NQRS Code, SPS reliability and reporting requirements would be based on their geographical area. Being primarily located in regional areas, in most cases SPS performance will be aggregated with data from the rest of the network located in “any other area of the State”. This reporting structure does not provide any visibility of SPS performance as a new and separate supply arrangement, nor does it allow for useful comparison of SPS with other connection types in the area.

Proposed NQRS Code arrangements

Amendments to the NQRS Code (sections 3(1), 3(3) and 3(4) and Schedule 1, items 1 and 3) are proposed to ensure that SPS is included as a separate reporting category and to ensure that the existing definition of network captures SPS, for the avoidance of doubt.

Feedback

Comments on the draft NQRS Code amendments should be emailed to submissions@energy.wa.gov.au by 27 August 2021.

All submissions received will be published on the Energy Policy WA website unless a specific request for confidentiality is made. If this is the case, please indicate which parts of your submission you wish to keep confidential and if you want to remain anonymous. To protect the privacy of individuals, personal contact details will not be published.

An amended NQRS Code will be provided to the Minister for Energy for final approval once the public comment period has closed and feedback has been considered.

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