



INFORMATION PAPER

Stand-alone Power Systems (SPS)

Electricity Industry (Stand-Alone Power Systems) Regulations 2021

The Minister for Energy has given approval for new regulations to be drafted under section 3(1) of the *Electricity Industry Act 2004* (Industry Act) to prescribe that Western Power (and Horizon Power in limited circumstances) can only serve a maximum of five customers with a single SPS. This requirement is specified in the *Electricity Industry (Stand-Alone Power Systems) Regulations 2021*.

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 (Access Code) to support 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

Recent amendments to energy legislation to support the use of SPS include the insertion of a new definition in section 3 of the *Industry Act 2004* to define an SPS as:

...wires, apparatus, equipment, plant or buildings (including generating works, a distribution system and any storage works) –

- a) which together are used, or to be used, for, or in connection with, or to control, the supply of electricity to a single customer or not more than a prescribed number of customers [emphasis added]; and*
- b) which are not connected to another electricity network (other than that of the customer or customers)...*

In the absence of regulations to prescribe the number of customers, this definition limits an SPS deployed by Western Power (and Horizon Power in limited circumstances¹) to supply a single customer.

Notwithstanding this, for each customer, the SPS is still able to serve multiple connection points to that customer, for example: a residence, shed, dam pump and electric fence all within a single property boundary, as long as it is within the technical capabilities of the SPS.

SPS to supply a maximum of five customers

While SPS supply to a single customer is the most common deployment scenario for Western Power (and Horizon Power), SPS as a supply arrangement is relatively new and, as a result, not all future SPS customer scenarios have presented themselves. Therefore, to allow some flexibility for different customer locations and configurations, it has been determined that the most appropriate number of customers that a single Western Power SPS can serve should be five.

This is considered sufficiently flexible to enable Western Power to make operational decisions that will provide least cost network services, but is restrictive enough to preclude Western Power from creating new lines of business. This is consistent with the intent outlined in the Explanatory Memorandum to the Electricity Industry Amendment Bill 2019 that the purpose of SPS is to “supplement Western Power’s network operator function and enhance the efficiency with which it can be carried out, not to otherwise exist in its own right” (section 3.1).

Prescribing an upper limit of five customers will create efficiencies by allowing customers in proximity to each other to be served by a single SPS. It also provides for situations where a customer requires separate accounts for certain connection points at their property, meaning the SPS can supply two separate customers who are separate account holders within a single property boundary. Allowing an SPS to supply five customers builds in a degree of flexibility to SPS provision and provides an environment where innovation and improvement can occur.

This requirement is specified in the Electricity Industry (Stand-Alone Power Systems) Regulations 2021.

Feedback

Comments on the regulations 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.

The regulations will be provided to the Minister for Energy for final approval once the public comment period has closed and feedback has been considered.

¹ These regulations will be made under the Industry Act and will therefore apply to Western Power and Horizon Power equally. However, as Horizon Power is not subject to the Access Code and only the North West Interconnected System will be a covered network for the purposes of the Pilbara Network Access Code when it commences on 1 July 2021, the prescribed number of customers will only be relevant in the event Horizon Power installs an SPS on the NWIS.

Energy Policy WA

(08) 6551 4600 | info@energy.wa.gov.au

www.energy.wa.gov.au | www.brighterenergyfuture.wa.gov.au

Disclaimer: The material provided in this information sheet is general in nature and a guide only. It does not take your personal circumstances into account and so you cannot rely solely upon this material when deciding to act. Additional matters or factors may be relevant to you. Where appropriate, seek professional advice.