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Contact: Kei Sukmadjaja [REDACTED]

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Sarah Woenne
Assistant Director, Customer Supply
Energy Policy WA
Perth WA 6000

By email: EPWA-Submissions@dmirs.wa.gov.au

Dear Sarah

Western Power response to EPWA's proposal to broaden the class-based transmission and distribution licence exemption for licensed generators

Western Power welcomes the opportunity to respond to Energy Policy WA (EPWA) on the *Facilitating co-location of storage works with licensed generating works Consultation Paper (Consultation Paper)*. Western Power has no objections to the proposal set out in the Consultation Paper.

Western Power understands that the license exemption would extend application of the existing license exemption under clause 17 of the *Electricity Industry Exemption Order 2005* (the **Exemption**) for it to continue to apply when storage works, such as Battery Energy Storage Systems, are co-located with licensed generating works.

Western Power is of the view that proper management of network assets and associated risks is in the public interest, hence a licensing regime which provides for oversight by an independent regulator is desirable. A generation license under the *Electricity Industry Act 2004 (Act)*, includes license conditions for provision of an asset management system and a periodic performance audit, and thereby provides for some degree of oversight by an independent regulator. Therefore, in some cases, it may be unnecessary for licensed generators to also hold a transmission or distribution license where the transmission or distribution network concerned is used solely for the transportation of electricity from the licensed generating works to the South West Interconnected System (**SWIS**). As the requirement to hold a transmission license or distribution license will subject the license holder to regulation under other instruments such as the *Electricity (Network Safety) Regulations 2015*, there may also be instances where it is appropriate to require a generation license holder to also hold a transmission license or distribution license.

The Exemption relates to the *electricity infrastructure* used to connect the *Storage Works, Generation Works*, and the SWIS, which is likely to be similar under either the existing application of the Exemption or the proposed application of the Exemption. On this basis, Western Power does not consider it contrary to the public interest to extend the existing application of the Exemption to include network infrastructure used solely for the transportation of electricity between:

- A) Generating works to which the license applies;



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- B) Storage works co-located with the generating works to which the license applies; or
- C) A combination of (a) and (b);

and the SWIS.

Western Power's comments above are subject to the following:

- (a) Western Power acknowledges that an exemption for storage works which are not co-located with generating works is out of scope of the Consultation Paper as the existing license classifications under the Act authorise construction or operation of storage works only as an adjunct to *electricity infrastructure*. Western Power understands that development of the licensing framework for storage works without co-location of generation will be developed separately to this proposal. Western Power's feedback on the licensing framework for storage work without co-location of generation will be provided in future consultations.
- (b) That this Exemption is only available to holders of a generation licence and that no further regulatory adjustments are made to this Exemption which will allow generators without a generation licence to operate network assets without the need for a licence.
- (c) EPWA has visibility of the generators that are benefiting from this exemption.

Should you have any queries regarding this letter, please do not hesitate to contact Kei Sukmadjaja

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Yours sincerely

Zahra Jabiri

Head of Regulation and Investment Assurance