

Our ref: 48258795

29 March 2019

Mr John Pierce  
Chairman  
Australian Energy Market Commission (AEMC)  
PO Box A2449  
Sydney South, NSW 1235

Dear Mr Pierce,

### **Review of Regulatory Frameworks for Stand-alone Power Systems - Priority 2**

Thank you for the opportunity to comment on the *AEMC's Review of regulatory frameworks for stand-alone power systems - Priority 2* Consultation Paper. Western Power recognises the importance of this initiative and commends the AEMC on its work to date.

As mentioned in our Priority 1 response, though Western Power does not operate in the National Electricity Market, we recognise that its positive development can have an effect on the Western Australian Wholesale Electricity Market where we do operate. We are especially interested in the deployment of new grid technology and emerging lower cost energy solutions for our customers and are actively engaged in Western Australia-focussed investigations of such technologies including the Economics and Industry Standing Committee's ongoing Microgrids Inquiry.

In the Priority 2 Consultation Paper, Western Power recognises the potential issues arising for customers out of the supply of electricity from stand-alone power systems (SAPS) by third-parties, including:

- Inconsistent consumer protections and reliability;
- differing levels of regulatory treatment for individual power systems and microgrids;
- registration and licensing barriers; and
- network operations misalignment, including system security and technical standards, as well as safety of the design and installations of third-party stand-alone power systems and system components.

The last two points highlight the potential for a network service provider (NSP) to be asked to take on the role of 'operator of last resort' in the event that a third-party SAPS provider is unable to continue operating. Western Power suggests including a requirement for the SAPS third-party provider to have a set of minimum standards to be met at the outset in order to retain its licence and have the backing of an operator of last resort. Adhering to adequate technical and financial standards will ensure safety, reliability and protection for customers. Where a NSP is required to be the operator of last resort, there will also need to be a mechanism to recover associated costs in order to ensure no financial burden is passed on to customers.



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Should you have questions or require additional information relating to our comments, please contact Senior Regulation Specialist Miles Jupp at [Miles.Jupp@westernpower.com.au](mailto:Miles.Jupp@westernpower.com.au) or 08 9326 4570.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. Pyrchla', with a stylized flourish at the end.

**Margaret Pyrchla**  
Head of Regulation and Investment Management