



# **Clean Energy Council submission to the draft Terms of Reference for IPART to review**

## **Electricity Distribution Reliability Standards**

The Clean Energy Council (CEC) welcomes the opportunity to provide feedback on the draft Terms of Reference for the review by the Independent Pricing and Regulatory Tribunal (IPART) of electricity distribution reliability standards in NSW.

The CEC is the peak body for the clean energy industry in Australia. We represent and work with hundreds of leading businesses operating in solar, wind, hydro, bioenergy, marine and geothermal energy, energy storage and energy efficiency along with more than 6,000 solar installers. We are committed to accelerating the transformation of Australia's energy system to one that is smarter and cleaner.

The IPART review should have as one of its key objectives to ensure that NSW legislation, regulations and consumer protections in the electricity sector will enable the NSW government to opt-in to the proposed national framework for stand-alone powers systems (SAPS)<sup>1</sup>.

The AEMC has noted that by allowing distribution network service providers to use SAPS for the regulated distribution service, certain customers can receive a more reliable service at an equivalent price, with significant opportunities for savings in network expenditure. Continuing to prevent customers from obtaining their electricity from microgrid or off-grid supply provided by a distribution network service provider (DNSP) would deny customers the benefits of services that are more cost-effective services, safer and more reliable. In many cases it will be cheaper to provide off-grid supply than to maintain and replace long power lines linking remote customers to the national grid. Moving to off-grid supply can offer additional benefits such as improved reliability for remote customers and reduced bushfire risks. The cost savings to DNSPs enable electricity bill reductions for all their other customers.

The Australian Energy Market Commission (AEMC) has proposed a national framework for SAPS that would allow for state and territory governments to opt-in. As a precursor to opting in, states will be required to ensure that SAPS customers receive reliability protections and certain consumer protections equivalent to grid-connected customers.

Customer protections should ensure safe and reliable electricity supply irrespective of the energy supply model and should include:

- Enforceable standards for reliability,
- Universal access to dispute resolution processes,
- Consideration of price controls where customers may have difficulty accessing competitive offers, and
- Ideally, a nationally-uniform electrical safety regime.

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<sup>1</sup> AEMC, Review of stand-alone power systems, Draft report, 18 December 2018

The AEMC (2018) made several observations regarding consumer protections issues for NSW electricity customers supplied by a stand-alone power system, including the following:

However, in New South Wales, South Australia and Tasmania, the National Energy Retail Law (NERL) and National Energy Retail Regulations (NERR) only apply to customers supplied via the interconnected national electricity system. (p.iii)

Consumers in NSW, Tasmania and South Australia who move off-grid would lose their energy-specific consumer protections under the National Energy Customer Framework (NECF). (p.110)

The Commission considers that System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI) and other jurisdictional reliability standards should be extended to apply to customers receiving supply via a DNSP-led SAPS. The requirements for determining SAIDI and SAIFI targets differ by jurisdiction. These measures are calculated by categories of feeder type in New South Wales, Queensland, Victoria and South Australia, with different measures applying for each distributor. There are currently no feeder categories identified for SAIDI and SAIFI that would be applicable for off-grid supply in these jurisdictions. (p.120)

Some form of retail price control would be required under [the integrated service delivery] model of supply for customers in regions where competition is effective and price regulation does not apply — specifically, New South Wales, Victoria, South Australia and south-east Queensland. (p.108)

Ausgrid explained that, in NSW, there is a need to ensure that jurisdictional arrangements for issues such as safety and reliability are in place for SAPS. (p.60)

To enable NSW networks and their customers to enjoy the economic, reliability and improved safety benefits of stand-alone power supply the IPART Review must:

- Extend reliability standards to apply to NSW customers receiving supply via a SAPS,
- Propose amendments to NSW regulations and legislation to ensure that NSW customers supplied via a SAPS do not lose their energy-specific consumer protections under the NECF,
- If necessary, develop a framework for the retail price control required under the integrated service delivery model of supply, and
- Review jurisdictional arrangements for safety issues and consider whether there would be benefits in extending the proposed opt-in approach to a national framework for electrical safety.

We would be very happy to discuss these issues in further detail with IPART. We look forward to contributing further to this important area for policy development.