

DELIVERING POWER FOR REMOTE CUSTOMERS AT THE LOWEST COST

STAND-ALONE POWER SYSTEMS REVIEW: FINAL REPORT (PRIORITY ONE) 30 MAY 2019

Using new technology to deliver better electricity services for people living at the end of the line.



Advances in solar power and batteries make it possible to supply customers at the end of the line in a better, cheaper way



Customers who move to stand-alone power systems will get to keep the same protections, reliability standards and access to competitive deals



It's a tangible way to use solar and batteries to lower costs and emissions and improve service

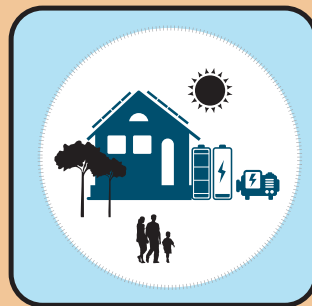
New technologies using distributed energy resources can mean better quality services.

More options for consumers

We want regional Australians to benefit from the falling costs of renewable generation and batteries.

So consumers can benefit from these advances, we are recommending changes to enable network businesses to provide stand-alone power systems as an alternative to maintaining or replacing grid connections, where it is cheaper.

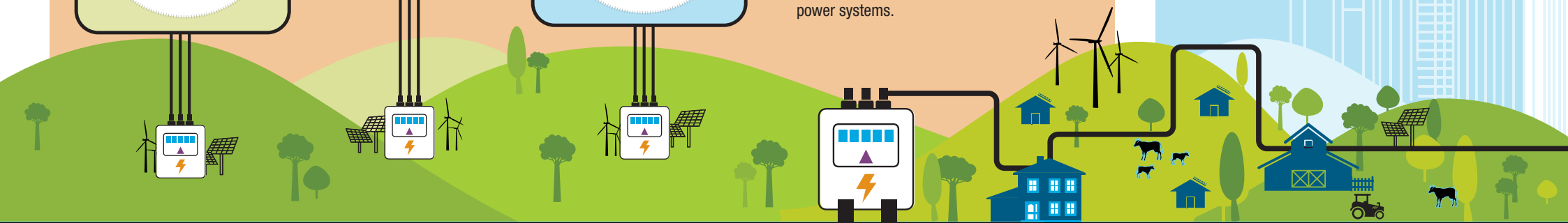
We are ready to start work on the new rules if the energy ministers agree to our recommendations.



STAND-ALONE POWER SYSTEMS

What is a stand-alone power system?

A stand-alone power system is an electricity supply arrangement that is not physically connected to the national grid. The term encompasses both microgrids and individual power systems.



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RECOMMENDATIONS AND NEXT STEPS

Enabling network businesses to use new technology to supply remote customers – delivering cost savings to all consumers

The AEMC's package of regulatory changes enables distribution businesses to provide customers stand-alone power systems where it is cheaper, for example in remote locations, while maintaining appropriate consumer protections, reliability standards and access to competitive retail offers.

Saving for everyone



Stand-alone power systems provided by a network business would be considered part of the network. This means the costs of the system would be included in the network's revenue determination and regulated by the Australian Energy Regulator.



The cost savings made by network businesses would be shared across all customers through the revenue determination process.

Distribution network businesses would:



publish information each year that identifies opportunities for stand-alone power systems. This information would include the total number of their customers who transitioned to stand-alone power systems.



carry out a formal consultation process including timely notification, as well as information about the quality of supply and performance.



develop and publish a customer engagement strategy for transitioning customers to stand-alone power systems.



source stand-alone power systems from competitive providers. To support competition, a ring-fenced affiliate of the network business would be able to provide a system, but not the network business itself.

Customers would:



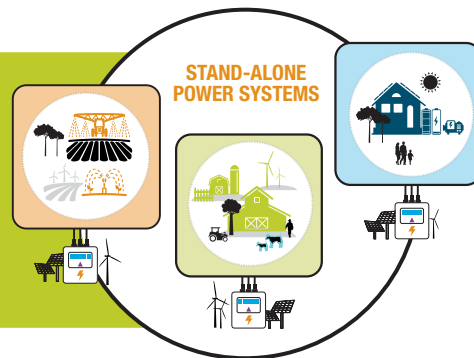
continue to have access to retail competition, and can choose to stay with their current retailer on the same deals, including feed-in tariffs.



pay an administered settlement price to AEMO as a proxy for the wholesale spot price, enabling them to continue to manage their risks and offer stable prices to their customers.

Protecting consumers

Consumer protections and reliability standards would be extended to customers with stand-alone power systems provided by network businesses. Trials have shown that reliability can improve significantly with stand-alone systems provided by network businesses, particularly where this avoids very long lines through bushland.



Next steps

The COAG Energy Council, AER, AEMO, state and territory governments and regulators all have a role to play in delivering these important changes.

The AEMC has provided detailed information on how to change national energy laws and state-based regulations, and we will start work on changes to the rules as soon as the proposals are agreed by energy ministers.

WHO	KEY ACTIONS
COAG Energy Council	Endorse recommendations and agree package of law changes Ask AEMC to develop detailed rules
Senior Committee of Officials (advising Energy Ministers)	Draft and agree electricity law and energy retail law based on proposed law change descriptions, and submit final amendments to SA Parliament
AEMC	Develop detailed changes to the rules
State governments and state regulators	Review and amend jurisdictional frameworks
AEMO	Update settlement systems
AER	Review guidelines

Priority two report

We are continuing to consult on developing a national framework for regulating stand-alone power systems offered by local councils, community groups, developers or other third parties. A draft report is due in June 2019.

