



Government of Western Australia
Energy Policy WA

Electricity Retail Licensing and Exemption Review

Behind-the-meter generation and
storage services (BTM Code)

BTM Code Working Group

Wednesday 12th February 2020



Agenda

1. Welcome – Kate Ryan, A/Executive Director, Energy Policy WA
2. Electricity Retail Licensing and Exemption Review
3. Directions Report, *Creating a dynamic customer protection framework for behind-the-meter electricity services*
4. Draft BTM Code of Practice – Format and Content
5. Additional Questions and Discussion
6. Details of the Next BTM Code Working Group Meeting



1.

Welcome

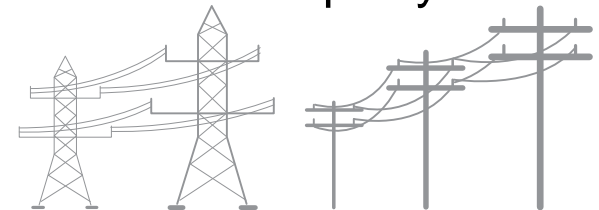
Kate Ryan

A/Executive Director, Energy Policy WA

Introduction

Background

- Welcome to Energy Policy WA's first working group meeting where members will provide input into the development of a draft a code of practice for behind-the-meter generation and storage services in Western Australia.
- Rapid technological change is enabling the adoption of new and innovative energy-related business models and services.
- These developments have the potential to deliver substantial benefits for electricity consumers.
- The licensing and exemption regulatory framework that regulates these activities was established at a time when electricity supplies were primarily centrally generated and supplied to consumers via large transmission and distribution networks.
- These regulatory arrangements have not kept pace with the rapid growth of alternative electricity supply arrangements and business models.
- The regulatory regime is no longer well equipped to ensure the adequacy of customer protections.



Introduction

Electricity Retail Licensing and Exemption Review

- The Minister for Energy has asked Energy Policy WA to:
 - Review the regulatory framework for electricity retail licensing and exemptions.
 - Identify a preferred regulatory framework that facilitates businesses providing behind-the-meter electricity services, including generation and storage, while ensuring customers of these services are protected..

Proposed regulatory framework

- Energy Policy WA has released a Directions Report which outlined a proposed regulatory framework.
- Energy Policy WA has convened this working group to assist in the development of a draft behind-the-meter code of practice.

Recommendations Report

- Energy Policy WA will provide the Minister for Energy with a recommendations report outlining the detailed arrangements and implementation requirements for the alternative regulatory framework by April 2020.
- This report is to be accompanied by the draft code of practice for behind-the-meter generation and storage services.



2.

Electricity Retail Licensing and
Exemption Review

Electricity Retail Licensing and Exemption Review

Overview

- Energy Policy WA is undertaking a review of the regulatory framework for electricity retail licensing and exemption activities.
- Outdated legislative framework under the *Electricity Industry Act 2004*.
- Regulatory regime is not well equipped to ensure the adequacy of customer protections.
- Minister for Energy has asked Energy Policy WA to review the regulatory framework for electricity retail licensing and exemptions and identify a preferred regulatory framework.
- This review will determine the most suitable regulation to ensure electricity consumers are adequately protected, regardless of the business model used to deliver the electricity.



Electricity Retail Licensing and Exemption Review

Current suitability of licensing scheme for new technologies and supply models

- The emergence of new technologies and supply models presents challenges for the current regulatory framework.
- Currently, the licensing scheme provides limited flexibility.
- Embedded distribution systems connected to the main network behind the meter operate under licence exemptions and are not regulated in the same way as the main network.
- This means limited customer protections for customers in alternative supply arrangements.
 - For example, customers are not able to access the Energy and Water Ombudsman and are not covered by the [Code of Conduct for the Supply of Electricity to Small Use Customers](#).
- The inability of the current regulatory framework to respond to new technologies acts as a barrier to innovation.



Electricity Retail Licensing and Exemption Review

Purpose for today's meeting?

- Purpose of the working group to inform the scope and content of matters to be included in the Behind-the-meter generation and storage services Code of Practice (BTM Code).
- The working group is an advisory body, not a decision making body. A summary of the discussion at the working group will be presented to the Minister for Energy.
- Following this meeting, Energy Policy WA will take into consideration the working group's comments and prepare an initial draft BTM Code.
- The draft BTM Code will be sent to working group members before the next working group meeting where it will be discussed in more detail.
- Once the draft BTM Code is finalised a final report will also be prepared by Energy Policy WA for the Minister for Energy which will include the draft BTM Code.
- Further rounds of stakeholder consultation on the draft BTM Code will occur at a later stage of the process as the regulatory reform proposal is developed.

Figure 1.1: Review process and timeline





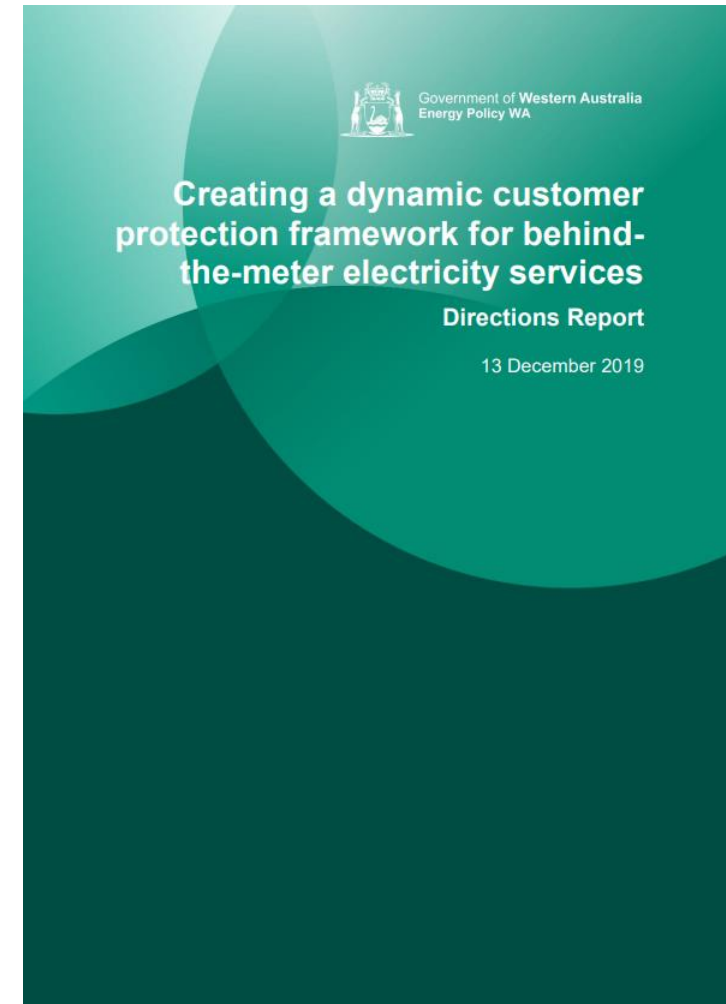
3.

[Directions Report, *Creating a dynamic protection framework for behind-the-meter electricity services.*](#)

Creating a dynamic customer protection framework for behind-the-meter electricity services

Overview

- On 17 January 2020, Energy Policy WA released the Directions Report, *Creating a dynamic customer protection framework for behind-the-meter electricity services*.
- The Directions Report outlines a proposed regulatory framework that involves the development of customised codes of practice for categories of *'alternative electricity service'*.
- Each code of practice will be developed in consultation with industry stakeholders and consumer representatives.



Creating a dynamic customer protection framework for behind-the-meter electricity services

Directions Report

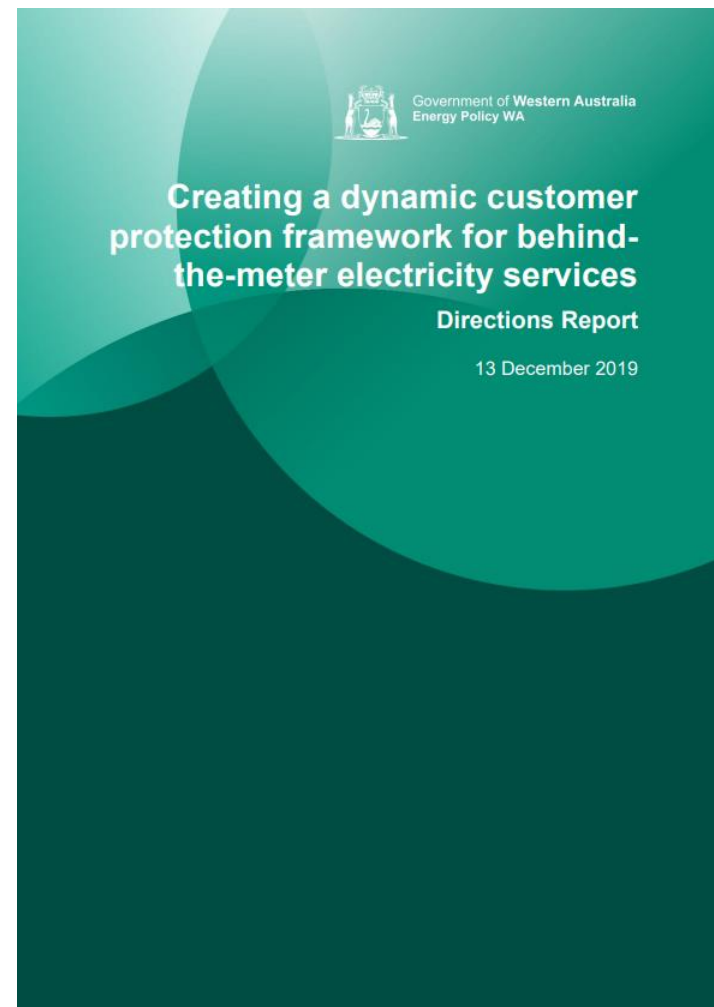
- The Directions Report describes the deficiencies with the existing regulatory framework in relation to the new business models.

Existing Regulatory Framework Deficiencies:

- Limited flexibility of the framework to apply appropriate customer protection to individual circumstances/business models.
- An inadequate compliance and enforcement regime.
- Restricted access to some dispute resolution services.

Proposed Regulatory Framework

- The alternative framework identified by Energy Policy WA to better address these deficiencies is to develop customised codes of practice for categories of 'alternative electricity service'.
- Firstly, behind-the-meter generation and storage services such as Solar Power Purchase Agreements (SPPAs) would be prescribed as an alternative electricity service.



Energy Policy WA's Preferred Regulatory Framework

Preferred Regulatory Framework

Energy Policy WA proposes that the *Electricity Industry Act 2004* is amended to:

- Provide a head of power for regulations to prescribe categories of alternative electricity service.
- Specify that a code of practice may be developed for each prescribed category of service.
- Specify that businesses providing a prescribed category of service must:
 - Register with the Economic Regulation Authority (ERA) as a code participant and pay any associated registration and/or annual fees;
 - Adhere to the requirements of the relevant code of practice;
 - Provide specified information to the ERA, as requested; and
 - Participate in the Energy Ombudsman Scheme.
- Provide the ERA with compliance and enforcement powers over businesses registered as code participants (and others operating in breach of these requirements).

Creating a dynamic customer protection framework for behind-the-meter electricity services

Regulated Codes of Practice

- To address the need for tailored consumer protection for different supply models, amendments to the Act would provide a head of power to establish codes of practice for each prescribed alternative electricity service.
- Codes of practice would be developed in consultation with relevant industry and consumer stakeholders and be guided by the following principles:
 - Emerging and innovative alternative electricity service models should not be unduly constrained by regulatory requirements developed for traditional generation, distribution and retail businesses.
 - Customer protection requirements should be balanced across the range of electricity providers, whether the electricity services are provided in front of, or behind, the meter, to the extent possible.
 - The State Government's policy objectives of providing affordable, reliable and clean energy supplies to consumers.
 - Approaches to address customer protections for behind-the-meter services, should be easily transferable to innovative business models in front of the meter, including stand-alone power systems, microgrids and energy aggregation services.

Questions

Are there any questions?





4.

Draft Code of Practice –
Behind-the-meter
generation and storage
services

Format and Content

Confidentiality

Confidentiality Principles

- Working Group members are required to handle information in a responsible manner and comply with any processes or protocols that Energy Policy WA may specify for the handling of information or sensitive documents.
- Working Group participants must not distribute information and documents other than to those other employees of the participant's employing organisation whose input is necessary for the participant to provide well-informed advice to the Working Group.

Draft BTM Code – Format and Content

Introduction

[Code of Conduct for the Supply of Electricity to Small Use Customers](#) (Code)

- Code was developed to protect the interests of customers who generally have little or no market power.
- Code applies to residential and small business customers who consume no more than 160 MWh of electricity per annum.
- ERA is responsible for the Code and undertakes a review of the Code every two years.
- The BTM Code is not intended to replicate fully the provisions of the Code.
- Energy Policy WA will use the Code as a guide to inform the draft BTM Code.

Draft BTM Code – Format and Content

Other relevant references for the draft BTM Code:

- [Australian Consumer Law](#)
- [Electricity Industry \(Solar Power Purchase Agreements\) Exemption Order 2016](#)
- [New Energy Tech Consumer Code](#)
 - Developed by the Clean Energy Council (CEC), the Australian Energy Council (AEC), the Smart Energy Council (SEC) and Energy Consumers Australia (ECA).
 - Voluntary code of conduct to raise standards of consumer protection in the sector, strengthen consumer confidence in new energy technologies and encourage innovation and the development of choice for consumers.
 - Scope of the New Energy Tech Consumer Code extends beyond retail electricity services to include the sale, finance, lease or hire of new energy technology.

Draft BTM Code – Format and Content

Code Components

- It is envisaged that the BTM Code will place obligations on registered participants in relation to the following:
 - Marketing and information disclosure – minimum requirements for standards of marketing and pre-contractual consumer information in plain English (such as the anticipated annual costs of the service).
 - Obtaining explicit informed consent prior to entering into an arrangement for the sale of electricity.
 - Establishment of an internal dispute resolution process.
 - Ongoing customer information – such as the form and content of a bill and details of dispute resolution processes (internal and external).
 - Arrangements for customers experiencing payment difficulties or financial hardship.

Draft BTM Code – Format and Content

Proposed Draft BTM Code Topics

- The table below lists the proposed topics for the BTM Code.
- Energy Policy WA is seeking feedback on the proposed topics for the BTM Code.
 - Are there any topics that in your view are not required or have been omitted?

| | Topic | Questions |
|----|--|---|
| 1. | MARKETING and INFORMATION PROVISION | <ul style="list-style-type: none">• What information should be included about marketing conduct? |
| 2. | BILLING REQUIREMENTS AND PAYMENT ARRANGEMENTS | <ul style="list-style-type: none">• What information should be included in a Billing Requirements and Payment Arrangements section? |
| 3. | METERING REQUIREMENTS | <ul style="list-style-type: none">• What information should be included about metering requirements?• What information should be included about testing of a meter for accuracy? |

Draft BTM Code – Format and Content

| | Topic | Comments/Questions |
|----|--|---|
| 4. | PAYMENTS | <ul style="list-style-type: none">• What information should be included in a payments section? |
| 5. | PAYMENT DIFFICULTIES AND FINANCIAL HARDSHIP | <ul style="list-style-type: none">• What information should be included regarding protections for vulnerable customers and obligations relating to life support customers?• What information should be included regarding any concessions, rebates and emergency payment assistance initiatives? |
| 6. | INTERNAL DISPUTE RESOLUTION | <ul style="list-style-type: none">• What information should be included on internal complaints handling processes? |

Draft BTM Code – Format and Content

| | Topic | Comments/Questions |
|----|---|--|
| 7. | DISCONNECTION, INTERRUPTION AND RECONNECTION OF BTM SERVICES | <ul style="list-style-type: none">• How should the disconnection, interruption and reconnection of behind-the-meter services be treated?• What information should be included in the draft BTM Code regarding disconnection for failure to pay a bill? |
| 8. | REPORTING | <ul style="list-style-type: none">• What information should be included in the reporting and compliance obligations for behind-the-meter generation and storage services?• The compliance function is to be conducted by the ERA. What reporting requirements will be needed for this function? |
| 9. | CONTACT DETAILS | <ul style="list-style-type: none">• What information should be included in the Contact Details section? |

Draft BTM Code – Format and Content

What are the next steps?

- The initial draft BTM Code will be prepared by Energy Policy WA after considering feedback from this working group.
- Initial draft BTM Code to be distributed to working group members for consideration prior to the second working group meeting.
- Next working group meeting/s will discuss and review the draft BTM Code.
- All working group feedback will be considered for the draft BTM Code.
- Energy Policy WA can be contacted at anytime via email and representatives are available to meet individually to discuss the draft BTM Code.
- Final draft BTM Code will be presented to the Minister for Energy for his consideration as part of a preferred legislative package.
 - Further rounds of stakeholder consultation on the draft BTM Code will occur at a later stage of the process as the regulatory reform proposal is developed.



5.

Draft BTM
Code

Additional Questions and Discussion

Questions

Are there any questions?





6.

BTM Code Working Group

Next Meeting Details

Next Meeting Details

- Energy Policy WA will email working group members with details of the next working group meeting.
- Energy Policy WA will also email the draft BTM Code for working group members to review before the next working group meeting.

**Thank you for your
participation and
attendance in this
working group.**

Steven Kane
Principal Policy Analyst
Telephone: 08 6551 4637
Email: steven.kane@energy.wa.gov.au

