

Ms Jessica Shaw MLA
Chair
Economics and Industry Standing Committee
Legislative Assembly
Parliament of Western Australia

13th April 2018

Submitted via e-mail to: laeisc@parliament.wa.gov.au

Dear Ms Shaw,

Inquiry into Microgrids and Associated Technologies in Western Australia

The Australian Energy Council (the “**Energy Council**”) welcomes the opportunity to make a submission to the Economics and Industry Standing Committee’s *Inquiry into Microgrids and Associated Technologies in WA*.

The Energy Council is the industry body representing 21 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia and sell gas and electricity to over ten million homes and businesses.

Discussion

Microgrids are a developing technology which provides alternative supply options to consumers, by either replacing or supplementing traditional grid connections. While they may have the benefit of reducing the stress on transmission and distribution systems and may reduce the cost of strengthening grids to service remote consumers, there are risks in integrating microgrids with existing networks, and maintaining power quality & reliability in standalone systems.

Nevertheless, for Western Australia, with its significant distances between supply centres and demand centres, it is appropriate that microgrids be considered as part of a cost-efficient solution to providing power to remote users. In addition, with the increased penetration of behind-the-meter photovoltaic systems (and also associated battery storage technologies), it is economically sensible for microgrids to develop as a means by which consumers in geographically compact areas can exchange energy and limit distribution network demands.

To achieve this aim, retailers are best placed to facilitate these technologies. Working within their governance framework which includes comprehensive consumer protections, retailers offer innovative, competitive products and are key enablers of new technologies and product offerings.

As it stands, businesses which supply electricity technology to small consumers in WA are restricted from competitively retailing electricity to those consumers as well. The Energy Council believes competition is the best enabler of innovative customer-centric products to optimise the use of distributed energy and its exchange via microgrids. To address this problem, the Energy Council

recommends removing these limitations and encouraging retailers to develop innovative products to accommodate microgrids, either integrated with the grid or standalone.

Any questions about this submission should be addressed to the writer, by e-mail to Duncan.MacKinnon@energycouncil.com.au or by telephone on (03) 9205 3103.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Duncan MacKinnon', with a long horizontal flourish extending to the right.

Duncan MacKinnon
Wholesale Policy Manager
Australian Energy Council