

# Horizon Power Response to AEMC Rule Change Consultation Paper

National Electricity Amendment (Alternatives to grid-supplied network services) Rule 2017

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## **Overview**

Horizon Power was very interested to review the AEMC consultation paper following the rule change proposed by Western Power concerning alternatives to grid-supplied network services. Horizon Power commends the AEMC for what it believes to be a very thorough synopsis of the key considerations relating to this important matter.

Horizon Power affirms that the consultation paper effectively outlines the key matters that must be considered in regard to applying 'non-wires' alternatives such as Stand-alone Power Systems (SPS). Our experience suggests that utility-grade SPS options have strong potential to enhance networks' economic efficiency, power reliability and bushfire prevention outcomes. We therefore view the consideration of such options by network businesses as consistent with their obligation for 'prudent and efficient' operations.

Horizon Power also anticipates that the cost-effectiveness of SPS solutions will continue to improve as the vibrant competitive market supplying these solutions develops and matures. Horizon Power is pro-actively accelerating this development process in support of enabling customer-oriented, utility-grade SPS solutions.

## **Horizon Power's experience**

Horizon Power initially deployed five SPS to bushfire affected customers following the Esperance bushfires in late 2015. The decision was made quickly not to replace the poles and wires but to substitute the traditional network for this new technology, given the remoteness of these properties and the subsequent economic trade-off. Customer approval for the SPS substitution was required and in the majority of cases was provided and an amended customer contract signed. For those customers that did not agree, the poles and wires were replaced. The SPS units were installed and commissioned during the first half of 2016 and customers metered and on the usual Horizon Power tariff.

In deploying the SPS solutions it proved necessary for Horizon Power to work very closely with all relevant third-parties to ensure a utility-grade outcome was achieved, including all engineering, safety and other compliance obligations. Horizon Power also closely managed all customer relationships, the optimisation of diesel back-up runtime and ongoing operations and maintenance provision. One year on, customer satisfaction levels with the SPS technology has been overwhelmingly positive due to significantly improved power reliability to these relatively remote sites and better land access following removal of poles and wires.


Horizon Power has gained significant learnings from these and subsequent SPS trials and business model analyses. This has provided confidence to examine an expanding range of applications across our service territory of regional Western Australia. In summary, Horizon Power's analysis of opportunities for deploying SPS to fringe of grid applications closely aligns with the rationale advanced by Western Power in the rule change proposal.

## **Engagement in the Rule Change process**

It should be noted that the proposed rule change does not directly impact Horizon Power as it does not provide network services within the NEM regulatory jurisdiction. It is however extremely relevant to Horizon Power given our practical SPS experience and ambitions to significantly expand the application of customer-oriented, utility-grade SPS solutions.

Given that Horizon Power's 2.5-million km<sup>2</sup> service territory is both the world's largest and least densely populated, it provides the ideal context for maturing modular, utility-grade SPS solutions. Horizon Power is therefore very interested to engage in further consultation processes should a draft rule change be released by the AEMC.

Horizon Power is pro-actively accelerating the development of a vibrant market for utility-grade SPS solutions. We would be happy to answer specific questions the AEMC may have concerning both our field experience and future plans during this consultation period. . Please contact the undersigned should this be of interest.

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