

**ELECTRICITY INDUSTRY AMENDMENT (DISTRIBUTED ENERGY RESOURCES) BILL 2023**

*Introduction and First Reading*

Bill introduced, on motion by **Mr W.J. Johnston (Minister for Energy)**, and read a first time.

Explanatory memorandum presented by the minister.

*Second Reading*

**MR W.J. JOHNSTON (Cannington — Minister for Energy)** [12.30 pm]: I move —

That the bill be now read a second time.

The Electricity Industry Amendment (Distributed Energy Resources) Bill 2023 before us today amends the Electricity Industry Act 2004 to provide a regulatory framework for the electricity sector that is flexible, responsive and future-focused to keep pace with the momentum of the energy transformation in Western Australia.

As members are aware, the electricity sector in Western Australia is unique, and as such we are faced with unique challenges in managing it. This sector has seen unprecedented change in the last two decades, but legislation that is now almost 20 years old could not have anticipated the rate of transformation currently unfolding as we bring Western Australia's clean energy future to fruition. Understandably, the legislative framework has not kept pace and is no longer fit to address challenges and realise opportunities that present today.

The bill before us today will improve the legislative and governance arrangements for the electricity sector in three ways. First, the amendments will deliver a unifying theme for the Electricity Industry Act 2004 through an overarching state electricity objective. The state electricity objective will replace the multiple, sometimes conflicting, objectives that exist across the regulatory framework for electricity in Western Australia. Electrification is a key component of our state's decarbonisation journey and will be crucial to ensure we can meet our targets of net zero by 2050. The state electricity objective will introduce an environmental consideration that will allow greenhouse gas emissions, for example, to be factored into decision-making alongside price, security, reliability and quality of supply, and, of course, safety. This new objective will guide decision-makers to deliver outcomes that serve the long-term interests for electricity consumers in Western Australia. Due to the prominence of the state electricity objective in the bill and its significance in guiding decision-making, Energy Policy WA engaged with stakeholders ahead of the remainder of the amendments. Consultation revealed support for the state electricity objective's intent and stakeholders agreed that factoring the environment into decision-making is necessary in order to realise Western Australia's low carbon future.

Second, the bill aims to greatly reduce the complexity, uncertainty and inefficiency that has resulted from an outdated regulatory framework. Currently, the governing arrangements for the south west interconnected system are dealt with under a range of various and sometimes conflicting subordinate legal instruments. The bill before us today introduces heads of power to incorporate these disparate instruments into one consolidated, fit-for-purpose set of rules that governs the power system referred to as the electricity system and market rules. The bill provides amendments to enable the content of these various instruments to be reviewed and over time combined into the electricity system and market rules. This will occur through a deliberate, staged approach. Ongoing consultation with stakeholders has confirmed their interest and commitment to being part of this process, led by myself as Minister for Energy alongside the Coordinator of Energy and Energy Policy WA. Management of emergency measures that promote the stability and security of an isolated power system that is challenging to balance are currently spread across these various instruments, making timely and efficient decision-making by responsible bodies and effective management of those situations more difficult. The amendments in this bill aim to reduce that burden by ensuring that one contemporary and unambiguous set of rules governs the electricity system.

Thirdly, the bill seeks to improve and modernise arrangements enshrined in almost 20-year old legislation to facilitate the uptake of new, clean, power system technologies, such as those relating to the integration of rooftop solar and energy storage. These technologies are referred to as distributed energy resources, and form part of the title of the bill before us today.

Western Australia has been a world leader in the uptake of distributed energy resources such as rooftop solar. As the uptake of solar, storage and electric vehicles accelerates in Western Australia, the pressure on the security and reliability of our power system caused by accommodating unmanaged distributed energy resources increases. Visibility of the amount of distributed energy resources on the grid is crucial to inform system planning and maintain a reliable power system. This bill incorporates not only amendments to introduce heads of power to allow greater visibility of the location and operation of distributed energy resources, but also to enable the management of uncontrolled distributed energy resources in situations that challenge power system security and reliability. These amendments will allow distributed energy resources technologies to be used to advantage both the power system and electricity consumers, enabling their continued uptake.

Understandably, the consolidation of instruments into the newly expanded electricity system and market rules will take time, and for that reason this bill is presented in two stages. The stage 1 amendments will introduce the state electricity objective; define new terms and concepts, especially in relation to distributed energy resources; and empower the new electricity system and market rules to deal with all of the relevant matters currently contained in subsidiary legislation. The stage 2 amendments will commence in a number of years, after the content from those subordinate instruments has been reviewed and incorporated into the newly expanded electricity system and market rules, repealing references to the outdated instruments. There are provisions in the bill, which are introduced with the stage 1 amendments, that set out how this transition will occur.

Energy Policy WA has consulted extensively with stakeholders on the remainder of amendments contained in this bill and the purpose of the proposed reforms. Interested stakeholder engagement has enabled refinement of the bill that will improve its application. Energy Policy WA will continue to engage as the reforms progress and as the electricity system and market rules develop over the coming years to encompass all matters that govern electricity in Western Australia.

Together, these three main aims of the reforms, delivered through the bill's amendments, aim to achieve one primary goal: to build greater resilience of the energy sector by developing a framework that works to deliver outcomes that protect and advance the interests of energy consumers in Western Australia.

I commend the bill to the house.

Debate adjourned, on motion by **Mr P.J. Rundle**.