



# Notice

25 October 2021

## Classification of services provided by batteries owned by Western Power

### Determination

The Economic Regulation Authority has published a [determination](#) that services provided by batteries owned by Western Power should be classified as excluded services.

Under the *Electricity Networks Access Code 2004*, services that are provided by batteries owned by Western Power to provide network support are regulated services. Western Power can also use any batteries it owns to provide other services (including leasing out spare capacity or offering customers access to a shared storage service). These services are not regulated under the Access Code.

As the Access Code is based on regulating natural monopoly network services and not services that can be provided by a competitive market, it includes provisions for making a regulated service that is contestable an “excluded service”.

The ERA considers there is a competitive market for the supply of battery services and, on that basis, regulated services provided by batteries owned by Western Power should be classified as an excluded service.

As an excluded service, the capital cost of the battery would sit outside the regulated business and not be included in Western Power’s regulated asset base. The efficient costs of any network support service provided to the regulated network business by a Western Power-owned battery would be charged to the regulated business, and the ERA would assess this operational expenditure as part of its determination of the efficient costs of providing covered services during an access arrangement review.

The ERA considers that treatment of battery services as an excluded service will promote investment in these technologies and provide a more transparent identification of the efficient cost of the relevant network services.

The ERA published a consultation paper on 10 September 2021 and considered submissions received in the determination.



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## Further information

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