

Dear Stakeholders

I am writing to you regarding customer engagement and the installation of stand-alone power systems. In particular, I wish to set out the AER's expectations for electricity distribution network businesses when converting areas of their networks into stand-alone power systems.

Electricity distributors may now install stand-alone power systems in the National Electricity Market. These systems provide electricity to customers via a local power system and aren't connected to the electricity grid. In some circumstances, stand-alone power systems will be a safer, lower-cost and more reliable way of supplying electricity.

However, these benefits may not be realised by customers if distributors don't undertake effective engagement with customers prior to the installation of stand-alone power systems.

### **The AER's role**

Following rule changes introduced in February 2022, electricity distribution businesses may now install permanent stand-alone power systems from 1 August this year. The updated rules include obligations for distribution businesses to develop and publish a customer engagement strategy, along with prescribing some elements of what those strategies should include and cover.

Over the past few months, our staff have observed a range of engagement activities being undertaken by distribution businesses. In most cases this has involved approaches tailored to the customers involved. We hope that this approach continues.

At this time, we have decided to set out our high-level expectations to support and promote good practice amongst distribution businesses. These expectations will allow distributors to undertake bespoke customer engagement that meets and is shaped by the specific needs of their customers. We currently consider that bespoke customer engagement is key to the successful installation of stand-alone power systems. We also want to see distribution businesses sharing, learning from, and celebrating instances of the successful installation of stand-alone power systems.

### **AER expectations on customer engagement by electricity distributors**

In undertaking fit-for-purpose customer engagement we expect that distribution businesses would:

- only install a stand-alone power system with a customer's explicit, informed consent
- listen to each customer to understand their needs and concerns
- provide customers with information on stand-alone power systems that has meaning and value to them when they need it, and
- consult and involve customers on the aspects of a stand-alone power system installation that can be negotiated.

We will continue to monitor the rollout of stand-alone power systems, paying close attention to the approaches to customer engagement. To support this, we will establish a public forum on customer engagement for stand-alone power systems in collaboration with industry. Through this forum we will encourage knowledge-sharing and promote good practice approaches for stand-alone power system customer engagement. We will also use what we hear in this forum to consider whether further requirements, such as a guideline, are needed.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Clare Savage', with a stylized flourish at the end.

Clare Savage  
**Chair**