



## Fact Sheet

This fact sheet explains the role of Market Stand-Alone Power System Resource Provider (MSRP)<sup>1</sup> role, which is a registered participant within the National Electricity Market (NEM) as of 30 May 2023<sup>2</sup>. An MSRP supplies electricity from one or more generating units that is connected to a regulated Stand-Alone Power System (SAPS)<sup>3</sup>.

This fact sheet provides a high-level overview of key registration and classification requirements and configurations of an MSRP.

### Frequently asked questions

#### What are SAPS?

A Stand-Alone Power System or SAPS is an electricity supply arrangement that is not physically connected to the interconnected national grid. The Commission uses the term SAPS to encompass both microgrids, which supply electricity to multiple customers, and individual power systems, which relate only to single customers.

SAPS may be provided by Distribution Network Service Providers (DNSPs), where SAPS provides an efficient alternative to maintaining the traditional poles and wires connection to customers. The cost savings arising from the use of lower cost SAPS will flow through to all users of the distribution network, through lower network prices<sup>4</sup>.

<sup>1</sup> The Australian Energy Market Operator (AEMO) has taken all reasonable care in the preparation of this fact sheet. However, this fact sheet should not be construed as advice. This fact sheet is only a summary of the MSRP arrangements. Applicants are responsible for ensuring they understand the relevant provisions of the NEL and other applicable instruments, which prevail in the case of any inconsistency with this fact sheet. The MSRP must comply with all applicable National, State and Territory requirements. This fact sheet, as well as the referenced documents, are current as of March 2023, but may subsequently change.

<sup>2</sup> Refer to the National Electricity Amendment (Regulated stand-alone power systems) Rule 2022, available at [https://www.aemc.gov.au/sites/default/files/2022-02/SAPS\\_NER\\_amending\\_rule\\_final\\_2022.pdf](https://www.aemc.gov.au/sites/default/files/2022-02/SAPS_NER_amending_rule_final_2022.pdf) (SAPS Rule).

<sup>3</sup> A regulated SAPS is a stand-alone power system that is regulated under the National Electricity Law (NEL): SAPS Rule, Chapter 10 new definition. Section 6B of the NEL provides for a participating jurisdiction to make regulations under which certain SAPS form part of the national electricity system. Such a SAPS is a regulated SAPS under the NEL, available at [https://www.legislation.sa.gov.au/\\_/legislation/lz/c/a/national\\_electricity\\_\(South\\_Australia\)\\_act\\_1996/current/1996.44.auth.pdf](https://www.legislation.sa.gov.au/_/legislation/lz/c/a/national_electricity_(South_Australia)_act_1996/current/1996.44.auth.pdf).

<sup>4</sup> Refer to the AEMC, Information Sheet, Updating the regulatory frameworks for distributor-led stand-alone power systems, 28 May 2020, available at [https://www.aemc.gov.au/sites/default/files/documents/updates/updating\\_the\\_regulatory\\_frameworks\\_for\\_distributor-led\\_stand-alone\\_power\\_systems\\_information\\_sheet\\_28\\_may\\_2020.pdf](https://www.aemc.gov.au/sites/default/files/documents/updates/updating_the_regulatory_frameworks_for_distributor-led_stand-alone_power_systems_information_sheet_28_may_2020.pdf).

### Who can be an MSRP?

An MSRP can be a:

- DNSP with the appropriate ring-fencing waiver, the ring-fenced affiliate of a DNSP, or a DNSP which otherwise can provide generation services using a regulated SAPS (Ring-Fenced DNSP)<sup>5</sup>.
- Third party, local council, community group, developer or NEM participants.

### What are the key registration requirements of an MSRP?

An MSRP can supply electricity from one or more generating units which are owned, controlled or operated by the MSRP, that are connected to a regulated SAPS.

Generally, a person must not own, control or operate a generating system that is connected to a distribution system, unless that person is registered by AEMO as a generator.

Specifically, however, AEMO may – in accordance with the AEMO Exemption Guide <sup>6</sup>– exempt a person from this requirement to register as a generator.

This exemption may be subject to AEMO to such conditions as AEMO deems appropriate, where in AEMO's opinion an exemption is not inconsistent with the national electricity objective<sup>7</sup>.

To be exempt and to register as an MSRP:

- The relevant generating system must be connected to a stand-alone distribution system<sup>8</sup>.
- Where the DNSP is an applicant for registration, AEMO requires the DNSP to provide the necessary information to demonstrate to AEMO's reasonable satisfaction that the DNSP is a Ring-Fenced DNSP in compliance with the NER<sup>9</sup>.

<sup>5</sup> Refer to the National Electricity Rules clause 6.17.1 provides that, in accordance with NER 6.17.2, all DNSPs must comply with the Electricity Distribution Ring-Fencing Guideline prepared by the Australian Energy Regulator (AER), available at [https://www.aer.gov.au/system/files/AER - Ring-fencing Guideline Version 3 - \(electricity distribution\) - 3 November 2021.pdf](https://www.aer.gov.au/system/files/AER_-_Ring-fencing_Guideline_Version_3_-_electricity_distribution_-_3_November_2021.pdf) (AER Ring-Fencing Guideline).

The AER Ring-Fencing Guideline – which delineates activities in competitive markets from non-contestable services – requires DNSPs to provide SAPS generation indirectly after procuring the SAPS generation from a third party, a subsidiary or other affiliate of the DNSP, unless granted a waiver by the AER or subject to a deemed exemption: AEMC, Review of the regulatory frameworks for stand-alone power systems - priority 1, Final report, 30 May 2019, available at [https://www.aemc.gov.au/sites/default/files/2019-05/SAPS\\_Priority\\_1\\_Final\\_Report - FOR PUBLICATION.pdf](https://www.aemc.gov.au/sites/default/files/2019-05/SAPS_Priority_1_Final_Report_-_FOR_PUBLICATION.pdf), pages x, 82-83.

A DNSP may be assisted to comply with its obligations under the AER Ring-Fencing Guideline by the requirement that the MSRP will have a participant ID (PID) which is a different PID to the DNSP's PID.

<sup>6</sup> Refer to AEMO's Guide to Generator Exemptions and Classification of Generating Units, available at [https://aemo.com.au/-/media/files/electricity/nem/participant\\_information/new-participants/generator-exemption-and-classification-guide.pdf?la=en](https://aemo.com.au/-/media/files/electricity/nem/participant_information/new-participants/generator-exemption-and-classification-guide.pdf?la=en)

<sup>7</sup> Refer to SAPS Rule, NER 2.2.1(c).

<sup>8</sup> Refer to SAPS Rule, NER 2.2.1(c) and 2.3C. A stand-alone distribution system is a distribution network, together with its associated connection assets, that does not form part of the interconnected national electricity system: SAPS Rule, Chapter 10 new definition.

<sup>9</sup> Refer to the National Electricity Rules clause 2.2.1(c), 2.3C.1, 2.9.1, 2.9.2, 6.17.1, 6.17.2. For example, clause 5.7 of the AER Ring-Fencing Guideline provides that a DNSP must establish, maintain and keep a publicly available register of all waivers granted to the DNSP by the AER.



### What are the key classification requirements of an MSRP?

A person must:

- Satisfy AEMO that the person intends to classify one or more generating units in a regulated SAPS each as a market generating unit with a separate connection point, in order for the person to be eligible for registration as an MSRP<sup>10</sup>.
- Not sell electricity directly to the market at any connection point in a regulated SAPS unless:
  - that person is registered by AEMO as a Market Participant; and
  - that connection point is classified as a market connection point<sup>11</sup>.

Except for these requirements, the MSRP is not required to classify a generating unit in the exempt generating system as a scheduled, semi-scheduled, non-scheduled, market or non-market generating unit<sup>12</sup>.

For example, a 10MW thermal power station supply for an electrically isolated country town may be exempt from these classification requirements<sup>13</sup>.

As a Financially Responsible Market Provider (FRMP) at a connection point, the MSRP must:

- Sell all sent out generation through the market.
- Accept payments from AEMO for all sent out generation at the SAPS settlement price;
- Purchase all electricity supplied from the market by other generators in the SAPS; and
- Make payments to AEMO for all electricity supplied at the SAPS settlement price<sup>14</sup>.

<sup>10</sup> Refer to the National Electricity Rules clause 2.3C.1(b)

<sup>11</sup> Refer to the National Electricity Rules clause 2.3C.1(c)

<sup>12</sup> Refer to the National Electricity Rules clause 2.2.1(g), 2.2.2-2.2.7

<sup>13</sup> Refer to the AEMO Exemption Guide, Appendix A

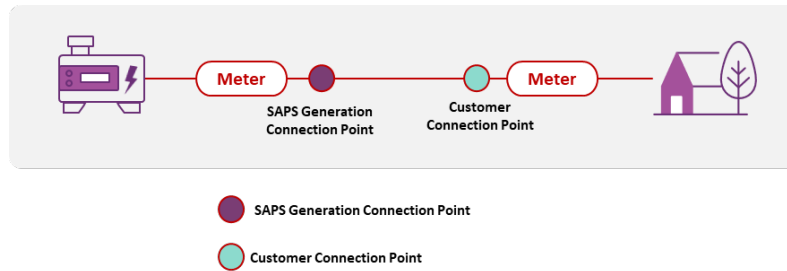
<sup>14</sup> Refer to the National Electricity Rules clause 2.3C.2. As opposed to this administered settlement price, ordinarily in the NEM, the five-minute wholesale market spot price is used to settle the delivery of energy to SAPS customers.

### What are satisfactory SAPS configurations?

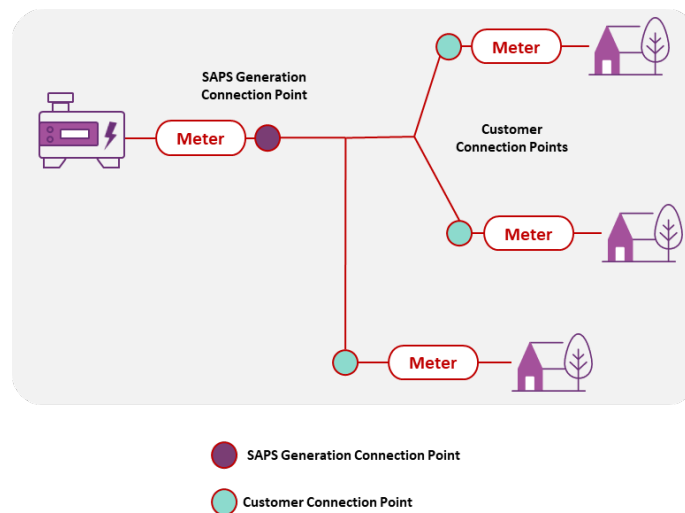
Each generating unit must have its own connection point and associated metering installation.

The figures below exemplify configurations which satisfy this requirement.

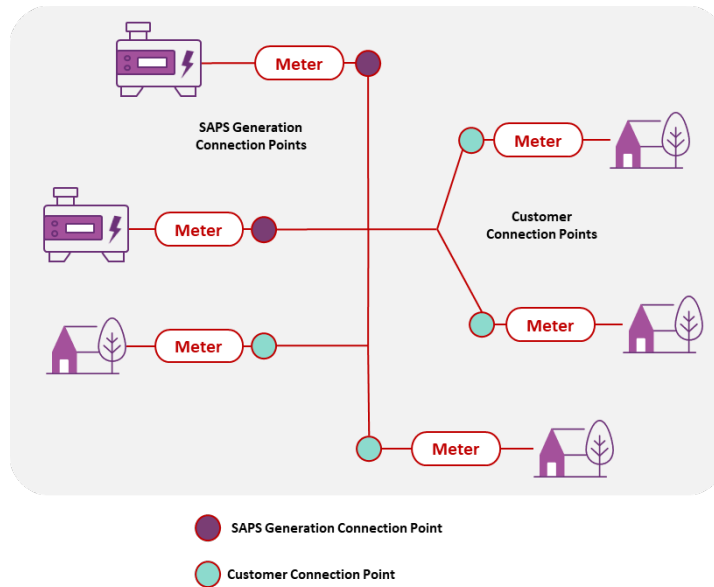
**Figure 1: Single Generation Connection Point, Single Customer Connection Point**



**Figure 2: Single Generation Connection Point, Multiple Customer Connection Points**



**Figure 3: Multiple Generation Connection Points, Multiple Customer Connection Points**



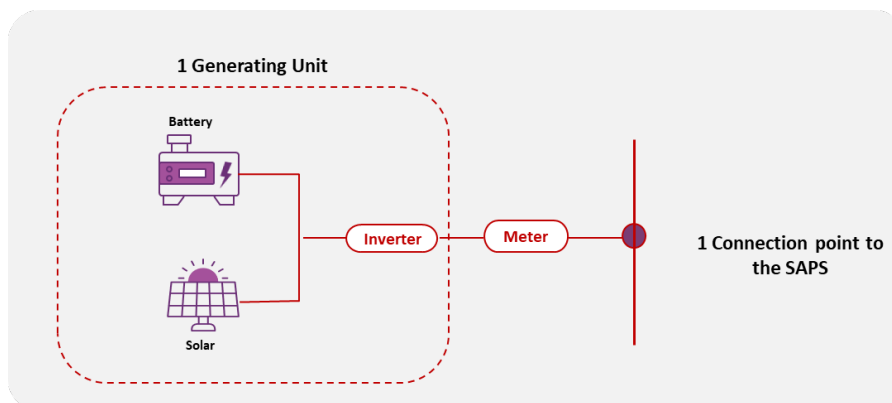
## What are Stand-Alone Power System Generation Connection Point Requirements?

Each generating unit in a SAPS must have its own connection point.

The figures below exemplify configurations which satisfy this requirement.

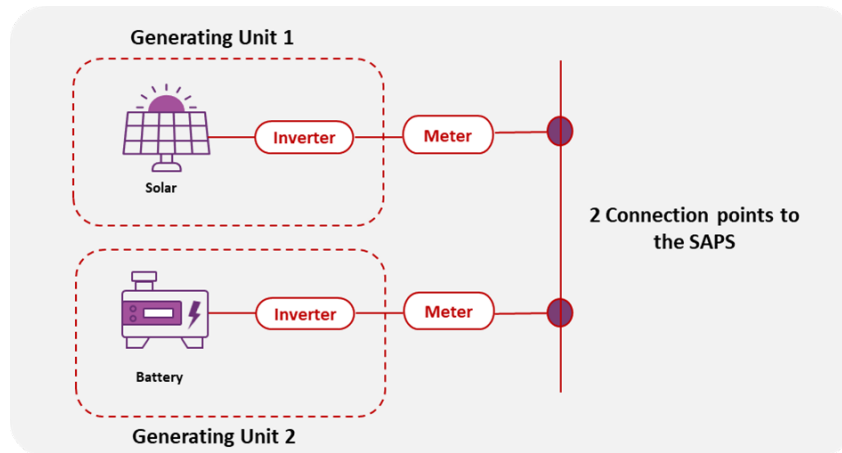
For example, if a battery system and a solar photovoltaic system are installed as one generating unit – meaning that both systems are connected to the SAPS via a common inverter – then this generating unit may connect to the SAPS through a single connection point.

**Figure 4: One Generating Unit, One Connection Point**



However, if the same systems are installed via separate inverters, then they must be treated as separate generating units, which must be connected to the SAPS through separate connection points.

**Figure 5: Two Generating Units, Two Connection Points**



### What information does an MSRP applicant need to provide on generating units at registration?

AEMO requires the MSRP applicant to provide evidence of how the generating unit(s) would be connected.

This information allows AEMO to form a view as to whether the MSRP applicant:

- Intends to classify a generating unit within a reasonable amount of time; and
- Will be able to comply with the NER, particularly regarding connection point requirements.

However, AEMO does not require specific information on any particular generating unit.

### How do I apply to be registered as an MSRP?

Intending participants will be able to register on AEMO's website which contains links to:

- The MSRP Application Form.
- The MSRP Registration Guide.



### Where can I find more information?

See AEMO's website for the Guide to Exemptions and Classification of Generating Units.

See the AEMC's website for a copy of Chapter 2 of the National Electricity Rules.

For any further enquiries, please contact AEMO's Information and Support Hub via

- [supporthub@aemo.com.au](mailto:supporthub@aemo.com.au) or
- call 1300 236 600

This fact sheet is only a summary of the MSRP arrangements. Registration applicants are responsible for ensuring they understand the relevant provisions of the National Electricity Rules and other applicable instruments, which prevail in the case of any inconsistency.

For clarification on registration matters consult AEMO, for individual connection proposals consult the relevant Network Service Provider and Metering Coordinator.