

Access Arrangement Information

Applications and Queuing Policy revisions

Demonstration of Code Compliance

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("WESTERN POWER")**

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1 Introduction

Western Power’s approved Applications and Queuing Policy (AQP) describes the process that an applicant (i.e a person who seeks to obtain or modify a covered service) must undertake with Western Power to form or modify an access contract. A ‘covered service’ is a service involving the transportation of electricity or a service ancillary to the transportation of electricity (including the performance of works to build assets that will transport electricity).

This document explains how the revisions to the AQP comply with the *Electricity Networks Access Code 2004 (Code)* and, where applicable, how the revisions differ from the model applications and queuing policy in Appendix 2 of the Code.

2 Code compliance

2.1 Set out a reasonable timeline

The AQP has been revised to amend some of the timelines under the AQP for processing an application. Table 1, below, summarises the revised timelines.

ELECTRICITY TRANSFER APPLICATIONS		
New connection point – existing user		
Action	If applicable, assess security	Provide access offer
X ¹	Was: 30 Now: Prior to making an access offer	Clarified to: Later of 5 <i>after complete application received</i> , or 5 after offer for connection application signed
New connection point – new user		
Action	Perform security assessment	Provide access offer
X ¹	Was: 30 Now: Prior to making an access offer	Clarified to: Later of 10 <i>after complete application received</i> , or 5 after offer for connection application signed
New reference service, modification of an existing reference service, capacity increase, re-energisation or reconfiguration – existing connection point		
Action	Provide access offer	
X ¹	Clarified to: Later of 10 <i>after complete application received</i> , or 5 after offer for connection application signed	
CONNECTION APPLICATIONS		
Action	Consider response to dormant notification	Provide access offer
X ¹	Was: 30 Now: 20	Clarified to: As soon as practicable <i>after complete application received</i>
<p>¹ - X represents number of business days within which the action is to be performed</p>		

Table 1: AQP Timelines

The revised timelines comply with section 5.7 of the Code because they:

- provide greater certainty for all applicants;
- provide for reasonable time to commence, progress and finalise access contract negotiations between the service provider and an applicant;
- further the interests of applicants by not allowing undue delays in progressing other competing applications which have a higher priority in the queue; and
- further the interests of applicants by ensuring applicants have sufficient information to understand the timelines in the application process under the AQP, which better allows the applicant to effectively program the preparation of its application.

2.2 Commencement of an application

Under clause 3.2 of the AQP the application process does not commence until a 'complete' application form or notice has been submitted, to the reasonable satisfaction of Western Power. Under the model applications and queuing policy, the applicant is merely required to use reasonable endeavours to provide accurate and complete information in the application form. The model does not, therefore, necessarily require a complete application to be lodged.

The purpose of the amendment requiring a complete application before the application process is commenced is to prevent incomplete and ill-considered applications gaining priority in the queue, sometimes for strategic purposes. Where applications have been accepted on the basis that an applicant wishes to connect but does not have complete details of connection date, plant, equipment and the like, it has caused prolonged study times and negatively impacted on other applicants who have entered the queue with later priority.

This requirement complies with section 5.7 of the Code because it:

- furthers the interests of the service provider and applicants by not allowing a person to commence the application process and, due to that applicant's higher priority in the queue, delay the progression of another competing application by not providing information in a timely manner; and
- furthers a user's and applicant's interests by ensuring that the applicant has sufficient information to understand in advance the mandatory information that must be provided to commence an application.

2.3 Security

Under clause 4.9 of the AQP, Western Power may require the applicant to provide some form of security in its access contract.

Clause 4.9(c) has been added to align the AQP with the ETAC. Under this clause, where there is a contribution required under the Contributions Policy (CP), clause 10 of the ETAC provides that the user or indemnifier (the 'nominated person'), who is a party to the ETAC, must provide an irrevocable and unconditional bank guarantee or equivalent financial security for the value of the amount of any contribution that remains unpaid or un-provided. Clause 4.9(c) of the AQP requires the nominated person to provide this bank guarantee, as a condition of an access contract or otherwise, although the requirement is at the discretion of Western Power.

Western Power considers that this is an outcome that reasonably balances the interests of Western Power and the applicant. The clause provides sufficient detail regarding the potential requirement under the ETAC for a bank guarantee regarding outstanding contributions. Under the model applications and queuing policy, the applicant would not know of this requirement until the access offer was made.

2.4 Capacity increase or decrease

Clause 10 of the AQP details the procedure that Western Power and an applicant are to follow when the applicant applies to change its existing covered service at an existing connection point. The clause previously related to seeking a different reference service, selecting or modifying a non-reference service or increasing capacity. The AQP has been revised to broaden this clause to include applications to decrease capacity.

Western Power considers that the same procedure for increases of capacity should apply to decreases. This allows applicants to understand in advance how these types of applications will proceed.

The priority of particular electricity transfer applications under clauses 10.1(d) and 10.2(d) has also been revised. If the applicant makes an electricity transfer application for a different reference service and Western Power reasonably considers that the applicant will require a greater capacity, then the applicant will be notified that it needs to submit (or procure that its controller submits) a connection application for an increase in contracted capacity. If a connection application is required, then:

- where a complete connection application is received within 20 business days of the notice, the application is prioritised using the date Western Power received the electricity transfer application; and
- where a complete connection application is not received by Western Power within 20 business days of the notice, then it is prioritised using the date Western Power received the complete connection application.

This process has also been applied to clauses 11.2(f) – relating to re-energisation – for the same reasons.

The process is considerably fairer than outlined in the model applications and queuing policy, in that it removes uncertainty regarding the applicant's queue status. It also furthers the interests of other applicants by not allowing undue delays to be caused by the delay of a competing applicant in submitting a connection application.

Clause 10.2(f) of the previous AQP has been re-numbered to clause 10.3. The clause now applies to both clauses 10.1 and 10.2. This accommodates the needs of the servicer provider, users and applicants by allowing an application to be refused if it does not seek capacity that is required; this ensures that users do not hold unnecessary capacity which could be used by other users.

2.5 Contestability assessment

Clause 13.3 of the AQP has been added to make it clear that under section 54 of the *Electricity Corporations Act 2005* Western Power is prohibited from providing a covered service for a non-contestable exit point unless applicant is the Electricity Retail Corporation (Synergy) or its subsidiary. The clause assists applicants to understand how the AQP will operate, by making it clear that covered services for non-contestable connection points can only be provided to Synergy.

2.6 The queue - transition applications

The new clause 24.3 of the AQP provides that the general principle of first come, first served, does not apply to a transition application. A 'transition application' is a connection application that seeks to modify an existing access contract or contract for services where the modification would not materially impede Western Power's ability to provide a covered service sought in one or more other application. This exception will have the effect that customers on existing connection contracts, in particular, network access contracts under the previous access regime provided for in the *Electricity Transmission Regulations*, may be able to migrate to an ETAC without having to queue if the migration meets the qualification requirements for a transition application. The option of bypassing the queuing rules is not the most practical option due to the notice and negotiation requirements for bypassing under the AQP.

Clause 24.3 is in accordance with section 5.9A of the Code.

This revision accommodates the interests of the service provider, users and applicants because it:

- allows the status quo with respect to existing utilised capacity to be retained; and
- allows a user under the access regime in the *Electricity Transmission Regulations 1996* to easily migrate to an access contract under the Access Arrangement without prejudicing the user's existing capacity or services, or the spare capacity sought by other applicants.

3 Concluding comments

This document has demonstrated that Western Power’s proposed revisions to the AQP comply with the Code. In particular, it shows that the revisions assist the AQP to provide a clear process for Western Power, users and applicants to follow with regards to an application for covered services, and that they accommodate the interests of Western Power, users and applicants to the extent reasonably practicable.