

# **Access Arrangement Information**

## **Standard Access Contract revisions**

## **Demonstration of Code Compliance**

**ELECTRICITY NETWORKS CORPORATION  
("WESTERN POWER")**

ABN 18 540 492 861

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## **1 Introduction**

Western Power’s approved Electricity Transfer Access Contract (**ETAC**) is the standard access contract for each of the reference services (each a type of exit or entry service) in Western Power’s Access Arrangement. A person becomes party to an ETAC after making an electricity transfer application under the Applications and Queuing Policy for a reference service.

This document explains how the revisions to the ETAC comply with the *Electricity Networks Access Code 2004 (Code)* and, where applicable, how the revisions differ from the Model Access Contract (**MAC**) in Appendix 3 of the Code.

## **2 Structure of the ETAC**

The structure of the ETAC has been changed and is different to the structure used for the MAC. Western Power has altered the structure of the ETAC to make it consistent with the structure used by Western Power in all of its other template contracts. The content of the ETAC has not materially changed, except as set out in this document.

The structural change has seen the defined terms used in the ETAC moved to Schedule 1 (and the other Schedules renumbered accordingly).

## **3 Electricity Transfer Provisions**

### **3.1 Modified services**

Clause 3.1(d) allows Western Power to provide, for a designated period of time, a modified service (which is a service that is less than the service sought in an application) where:

- Western Power does not have the immediate capacity to provide a full service but it can provide an interim modified service; and
- the user is happy to accept a limited service before the full service is able to be provided.

This provision is reasonable and enables the ETAC to be a commercially workable access contract as it allows Western Power, where the full requested service cannot immediately be provided, to provide part of the requested service. Importantly, the provision of the modified service will be undertaken only with the agreement of the user.

The alternative is to provide no service to the user until the requested service is available; which is against the interests of users and the efficient operation and use of the network.

### 3.2 Eligibility criteria

A reference service is intended to be available only where the eligibility criteria for that reference service are maintained. The new clause 3.3 expressly outlines that the user must comply with the eligibility criteria applicable to connection points where a reference service is provided. The eligibility criteria are specified in the approved access arrangement and are required to be met during the term of the ETAC.

This clause makes it clear that the eligibility criteria must be maintained at all times and not just at the commencement of the reference service. The provision is reasonable and enables the ETAC to be a commercially workable access contract as it provides certainty to the user in relation to its obligations regarding eligibility criteria.

### 3.3 Update of Schedule 3

Clause 3.7 of the ETAC builds on the MAC requirement to update Schedule 3 of the ETAC where there is any change to the services by allowing such modifications to be made in the metering database under the Metering Code or, for CMD and DSOC information, in a database maintained by Western Power.

Updating the metering database is a practical matter to facilitate the operation of the Metering Code and to avoid administrative duplication and, thus, is in the interests of both parties.

Updating the Western Power database for CMD and DSOC information and allowing a user access to that information on request is also in the interests of both parties.

Where Western Power permanently reconfigures the network:

- for reasons not related to an applicant seeking to increase or decrease capacity or delete a connection point; and
- this results in the need to update information on the databases,

Western Power is not required to update the information, except annually in July.

To change the information in the databases once a year rather than on an ongoing basis during the year:

- is administratively easier for both parties. These reconfigurations occur frequently throughout the year and it is not commercially practical to update information and amend charges to users immediately upon each reconfiguration occurring. Billing and auditing is simpler under this method; and
- aligns with annual review of charges.

The method in this provision, which needs to be read with clause 7.1(f), also facilitates price stability during the year and reduces the incidence of differences between the parties.

Where Western Power permanently reconfigures the network for reasons that are related to an applicant seeking to increase or decrease capacity, or delete a connection point, and which results in the need to update information on the databases, Western Power is required to update the information as soon as reasonably practicable after the reconfiguration.

### **3.4 Contracted capacity not utilised**

Clause 3.8 allows for reduction in contracted capacity where the contracted capacity:

- is not being utilised;
- is unlikely to be utilised; and
- is able to be taken up by another user who has applied for that capacity.

The user must be given notice of intention to reduce its capacity and so that the user can take action to retain the capacity if the user wishes.

Clause 3.8 promotes the Code objective of economically efficient investment in, and operation and use of, the network, and the improvement of competition in upstream and down stream markets. The purpose of the provision is to not allow user's to 'sit' indefinitely on unused capacity to the detriment of other potential users of that capacity.

### **3.5 Tariffs and charges**

The charge for each service is calculated at the tariff determined under clause 7.1. Tariffs and charges will be based on the information in Schedule 3 as updated in accordance with the ETAC. The updated information will affect tariffs and charges from the time of the update, which has the effect that an adjustment to a tariff or charge will not be retrospective. This avoids late adjustments and promotes certainty in the tariffs and charges that are payable (thus supporting a commercially workable access contract).

In clause 8.6(d), under or over payments arising from a payment error will give rise to a payment adjustment if notice of the error is given by the affected party within 18 months unless the payment error resulted from a data error. If the payment error resulted from an error in the data used to calculate the charges and the error occurred in one or more accounting periods, an entitlement to an adjusting payment applies only to the errors in the accounting periods within the preceding 12 months before the error was notified. The 12 month limitation for data errors aligns with a similar limitation under section 65 of the *Energy Operators (Powers) Act 1979* for errors in meter data and promotes accuracy in the data information kept by both parties.

This promotes the interests of the parties for certainty in the charges that are payable; which creates a commercially workable access contract.

The charge error provisions of the ETAC do not affect the operation of sections 65 and 66 of the *Energy Operators (Powers) Act*.

## **4 Connection Provisions**

### **4.1 Costs of compliance with Technical Rules**

Each party is obliged to comply with the Technical Rules made under the Code, subject to any exemptions given under the Technical Rules. This obligation has been clarified so that it is clear that users will be responsible for a third party's equipment if the user allows the third party to gain access or connect to the network via the user's connection point. In general terms, the purpose of the amendment is to ensure that users do not allow third parties whose equipment does not comply with the Technical Rules to gain access to the network via the user. There is an unacceptable risk of adverse impact on the network and other customers' equipment if the Technical Rules are not complied with.

Given the risk that this provision seeks to address, the requirements of the provision are commercially, economically and practically reasonable.

### **4.2 Technical information from application**

Clause 13(a) of the ETAC ensures that the technical information provided in the original access application, and on which the original access offer was based, is captured in the contract. Clause 13(b) ensures that the parties record other required information within databases maintained by each party, to which the other party is to have reasonable access.

This provision ensures that Western Power has available to it accurate information on the characteristics of the equipment connected to the network, and will improve the accuracy of planning studies undertaken to assess the integrity of the system. Thus the provision promotes the economically efficient investment in, and operation and use of, the network.

## **5 Common Provisions**

### **5.1 Invoicing procedures**

Under the new clause 8.1(d) of the ETAC, the user and Western Power may agree to implement a different system of invoicing to that stipulated in clause 8.1(a) (and the MAC) including, for example, issuing two or more tax invoices per accounting period, and separate invoicing for different classes or groups of consumers, connection points or services. This provision also allows (when read with clause 1 of Schedule 7) the parties to agree on a process for electronic billing, which may not necessarily follow the electronic communications protocol in Schedule 7.

This provision provides for a more commercial access contract because it allows the parties to agree on a different process for billing which more closely aligns with the commercial and business practices of the user.

## **5.2 Liability**

The liability amounts set out in clause 19.5 have been increased by between 10% and 20%. Western Power believes that these changes are reasonable and commercially acceptable as they allow for the changes in the economy and relevant markets in the past 24 months.

## **5.3 GST**

The GST provision the ETAC has been revised to include a paragraph dealing with the adjustment of GST where a payment adjustment is required under the ETAC – which is consistent with the requirements of the GST legislation.

## **6 Conclusions**

Western Power believes that the revisions to the ETAC are reasonable and commercially workable, and consistent with the Code objective and requirements.