

Proposed Variations to Western Power's Access Arrangement for 2009/10 to 2011/12: Applications and Queuing Policy

Issues Paper

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Economic Regulation Authority



WESTERN AUSTRALIA

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Economic Regulation Authority
Perth, Western Australia
Phone: (08) 9213 1900

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1 Introduction

On 23 December 2010, the Economic Regulation Authority (**Authority**) received a proposal from Western Power to vary Appendix 1 of its current access arrangement – the Application and Queuing Policy – under section 4.41A of the *Electricity Networks Access Code 2004 (Access Code)*.¹

Western Power's current access arrangement covers a three year access arrangement period from 2009/10 to 2011/12 and was approved by the Authority in January 2010, with the access arrangement becoming effective on 1 March 2010.

Sections 4.41A to 4.45 of the Access Code allows Western Power to propose (mid-period) revisions to vary its approved access arrangement during the access arrangement period and sets out the procedure for the Authority to follow when considering such revisions to an access arrangement.

As Western Power's variation proposal, to revise parts of the applications and queuing policy, may affect the rights of applicants under the access arrangement, the Authority has decided to consult with the public prior to making a decision on the proposal. Hence, the Authority has prepared this issues paper to assist interested parties in understanding:

- the process for varying an access arrangement;
- Western Power's variation proposal; and
- the matters to be considered by the Authority in determining whether to approve or not approve variations to Western Power's current access arrangement.

Western Power's variation proposal has been published on the ERA's website together with this issues paper.²

¹ Western Power, 20 December 2010, Proposed mid-term revisions to the Applications and Queuing Policy (hereafter referred to as "**variation proposal**").

² Economic Regulation Authority website: www.erawa.com.au

2 Varying an Access Arrangement

An access arrangement details the terms and conditions, including prices, that apply to third parties seeking the use of regulated (covered) electricity networks.

Under the Access Code an approved access arrangement for a covered network continues in effect from the specified start date until the network ceases to be covered. The service provider responsible for the network is, however, required to periodically submit proposed revisions to the access arrangement, which the Authority is required to assess. Such periodic revisions coincide with defined access arrangement periods of three or more (typically five) years.

Further to the requirement for a service provider to submit periodic revisions to the access arrangement, the Access Code contains provisions that allow an approved access arrangement to be varied at other times, including during an access arrangement period. In particular, section 4.41A of the Access Code states:

Subject to section 4.42, if the service provider proposes revisions other than when it is required to do so under this Code and in circumstances where sections 4.38 [“Revision of price control or pricing methods during an access arrangement period”] and 4.41 [“Revision of access arrangement if Code is amended”] do not apply, the Authority may by notice to a service provider vary its access arrangement in accordance with the proposed revisions.

Sections 4.42 to 4.44 of the Access Code outline the procedure for amendments to an access arrangement under sections 4.41 and 4.41A of the Access Code.

- 4.42 Before giving a notice under section 4.41 or 4.41A, the Authority must determine whether the advantages of varying the access arrangement under section 4.41 or 4.41A (as applicable) outweigh the disadvantages, in particular the disadvantages associated with decreased regulatory certainty and increased regulatory cost and delay.
- 4.43 Before giving a notice under section 4.41 or 4.41A, the Authority:
 - (a) must consult the public under Appendix 7, unless, in the Authority’s opinion, the proposed variations are not material and will not result in a material change to a reference tariff, a reference service, a standard access contract or the rights of any applicant, in which case the Authority may consult the public under Appendix 7; and
 - (b) must consult the service provider.
- 4.44 The Authority must publish a notice given under section 4.41 or 4.41A.

Importantly, section 4.41B of the Access Code specifies that, in considering and implementing revisions under section 4.41A, the Authority is not obliged to undertake a complete review of the access arrangement as would occur with proposed revisions that are periodically required to be submitted by the service provider.

3 Western Power's Access Arrangement

The Authority approved Western Power's access arrangement for the first access arrangement period ("AA1", 2006/07 to 2008/09) in April 2007, which became effective on 1 July 2007. Western Power subsequently submitted proposed revisions to the access arrangement for the second access arrangement period ("AA2", 2009/10 to 2011/12) on 1 October 2008. These proposed revisions were approved by the Authority in January 2010, with the revised access arrangement becoming effective on 1 March 2010.

Further information about Western Power's access arrangement is available from the ERA's website.³

3.1 Variation Proposal

Western Power's current (AA2) access arrangement includes, at Appendix 1, an applications and queuing policy. The applications and queuing policy sets out the process for applicants who are seeking a connection to Western Power's network.

On 23 December 2010, the Authority received a proposal from Western Power to vary the applications and queuing policy during the current (AA2) access arrangement period. This variation proposal was submitted under the provisions of section 4.41A of the Access Code. Western Power advises that it is seeking to vary its current applications and queuing policy to address a range of issues that have been identified by applicants, other stakeholders and regulatory bodies.⁴

- Western Power indicates that it consulted with stakeholders on initial proposed revisions to the applications and queuing policy, with the consultation process commencing in August 2009 and concluding in November 2010.⁵ The initial proposed revisions that formed the basis of the consultation are outlined in section 2.6.1 of Western Power's variation proposal.
- Western Power notes the Authority's discussion paper on the *2009 Annual Wholesale Electricity Market Report for the Minister of Energy*, which states that the "...first-come first-served queuing rules under the applications and queuing policy, in combination with the structure of the wholesale electricity market and reserve capacity mechanism, do not serve to promote efficient investment in the electricity network".⁶
- Western Power notes the Australian Energy Market Commission's final report on the *Review of Energy Market Frameworks in light of Climate Change Policies*, which made comments and recommendations relevant to connection and access agreements, including Western Power's applications and queuing policy. Specifically, "[Western Power's] connections applications process should be modified in a number of ways, through the release of more information to the market, segregating applications in the connections queue on a regional basis, and potentially restructuring the connection application charge regime. The release of queue information is already under consideration, and should be implemented quickly."⁷

³ Economic Regulation Authority website:
http://www.erawa.com.au/2/583/48/electricity__access_arrangements.pm

⁴ Western Power, Variation proposal, section 1.

⁵ Western Power, Variation proposal, section 2.5, section 2.6.1.

⁶ Western Power, Variation proposal, section 2.3.

⁷ Western Power, Variation proposal, section 2.4.

Western Power's proposed variations to the applications and queuing policy, which form the basis of its variation proposal, are numerous and are discussed in greater detail in Section 4 of this issues paper.

3.2 Applications and Queuing Policy

The required content of an access arrangement is specified in Chapter 5 of the Access Code. Specifically, section 5.1(g) of the Access Code requires an access arrangement to include an applications and queuing policy. Generally speaking, the applications and queuing policy sets out the principles and processes for applying for and obtaining a network service, and for determining applicants' priority for access to services where there is insufficient capacity on the network to meet all applications for services.

Sections 5.7 to 5.11 of the Access Code detail the provisions relevant to an applications and queuing policy.

Applications and queuing policy

5.7 An applications and queuing policy must:

- (a) to the extent reasonably practicable, accommodate the interests of the service provider and of users and applicants; and
- (b) be sufficiently detailed to enable users and applicants to understand in advance how the applications and queuing policy will operate; and
- (c) set out a reasonable timeline for the commencement, progressing and finalisation of access contract negotiations between the service provider and an applicant, and oblige the service provider and applicants to use reasonable endeavours to adhere to the timeline; and
- (d) oblige the service provider, subject to any reasonable confidentiality requirements in respect of competing applications, to provide to an applicant all commercial and technical information reasonably requested by the applicant to enable the applicant to apply for, and engage in effective negotiation with the service provider regarding, the terms for an access contract for a covered service including:
 - (i) information in respect of the availability of covered services on the covered network; and
 - (ii) if there is any required work:
 - A. operational and technical details of the required work; and
 - B. commercial information regarding the likely cost of the required work;and
- (e) set out the procedure for determining the priority that an applicant has, as against another applicant, to obtain access to covered services, where the applicants' access applications are competing applications; and
- (f) to the extent that contestable consumers are connected at exit points on the covered network, contain provisions dealing with the transfer of capacity associated with a contestable consumer from the user currently supplying the contestable consumer ("outgoing user") to another user or an applicant ("incoming user") which, to the extent that it is applicable, are consistent with and facilitate the operation of any customer transfer code; and
- (g) establish arrangements to enable a user who is:

- (i) a 'supplier of last resort' as defined in section 67 of the Act to comply with its obligations under Part 5 of the Act; and
 - (ii) a 'default supplier' under regulations made in respect of section 59 of the Act to comply with its obligations under section 59 of the Act and the regulations; and
 - (h) facilitate the operation of Part 9 of the Act, any enactment under Part 9 of the Act and the 'market rules' as defined in section 121(1) of the Act; and
 - (i) if applicable, contain provisions setting out how access applications (or other requests for access to the covered network) lodged before the start of the relevant access arrangement period are to be dealt with.
- 5.8 The paragraphs of section 5.7 do not limit each other.
- 5.9 Under section 5.7(e), the applications and queuing policy may:
- (a) provide that if there are competing applications, then priority between the access applications is to be determined by reference to the time at which the access applications were lodged with the service provider, but if so the applications and queuing policy must:
 - (i) provide for departures from that principle where necessary to achieve the Code objective; and
 - (ii) contain provisions entitling an applicant, subject to compliance with any reasonable conditions, to:
 - A. current information regarding its position in the queue; and
 - B. information in reasonable detail regarding the aggregated capacity requirements sought in competing applications ahead of its access application in the queue; and
 - C. information in reasonable detail regarding the likely time at which the access application will be satisfied;
- and
- (b) oblige the service provider, if it is of the opinion that an access application relates to a particular project or development:
 - (i) which is the subject of an invitation to tender; and
 - (ii) in respect of which other access applications have been lodged with the service provider,

("project applications") to, treat the project applications, for the purposes of determining their priority, as if each of them had been lodged on the date that the service provider becomes aware that the invitation to tender was announced.
- 5.9A If:
- (a) an access application (the "first application") seeks modifications to a contract for services; and
 - (b) the modifications, if implemented, would not materially impede the service provider's ability to provide a covered service sought in one or more other access applications (each an "other application") compared with what the position would be if the modifications were not implemented,
- then the first application is not, by reason only of seeking the modifications, a competing application with the other applications.
- 5.10 An applications and queuing policy may:
- (a) be based in whole or in part upon the model applications and queuing policy, in which case, to the extent that it is based on the model applications and queuing policy, any matter which in the model applications and queuing policy

is left to be completed in the access arrangement, must be completed in a manner consistent with:

- (i) any instructions in relation to the matter contained in the model applications and queuing policy; and
- (ii) sections 5.7 to 5.9;
- (iii) the Code objective;

and

- (b) be formulated without any reference to the model applications and queuing policy and is not required to reproduce, in whole or in part, the model applications and queuing policy.

5.11 The Authority:

- (a) must determine that an applications and queuing policy is consistent with sections 5.7 to 5.9 and the Code objective to the extent that it reproduces without material omission or variation the model applications and queuing policy; and
- (b) otherwise must have regard to the model applications and queuing policy in determining whether the applications and queuing policy is consistent with sections 5.7 to 5.9 and the Code objective.

4 Western Power's Proposed Variations to the Applications and Queuing Policy

4.1 Matters to be Considered

Western Power's variation proposal contains numerous proposed revisions to the application and queuing policy, which forms Appendix 1 of Western Power's current (AA2) access arrangement.

In considering whether to approve Western Power's variation proposal, and hence allow variations to Western Power's current (AA2) access arrangement, the Authority must:

- form an opinion on the materiality of the proposed variations to determine whether there is a need for public consultation prior to making a decision on the proposed variations;
- determine whether the advantages of varying the access arrangement during the current access arrangement period outweigh the disadvantages, and in particular the disadvantages associated with decreased regulatory certainty and increased regulatory cost and delay; and
- determine whether the proposed variations are consistent with the specific requirements for an applications and queuing policy as set out in the Access Code.

4.1.1 Need for Public Consultation

Pursuant to section 4.43(a) of the Access Code, the Authority has given preliminary consideration to Western Power's variation proposal in order to form an opinion on the materiality of the proposed variations to determine whether it must consult with the public under Appendix 7 of the Access Code.

The Authority is of the opinion that Western Power's proposed variations are material in nature as the variations may impact on the rights of applicants who are seeking access to services under Western Power's access arrangement. For this reason, the Authority is consulting with the public prior to making a decision on Western Power's variation proposal.

4.1.2 Advantages of Varying the Access Arrangement

Western Power considers that its proposal to vary the applications and queuing policy during the current (AA2) access arrangement period will:

- lead to more efficient development of generation plant and more strategic development of the Western Power network;
- be more equitable than the current process;
- promote competition and therefore better meet the Access Code objective;
- manage the transition of existing projects by adopting and further developing the concept of "competing applications" that already exists under the current applications and queuing policy; and

- better accommodate future market changes, if they occur.⁸

As part of its considerations, Western Power has taken into account how the current applications and queuing policy will transition to the proposed revised applications and queuing policy, and the likely impacts on existing applications and applicants.⁹ Specifically, Western Power indicates that:

- applicants' applications that have already been accepted by Western Power will be reassigned a "priority date", which is equal to the date on which the application was lodged and accepted by Western Power under the current applications and queuing policy;
- existing applicants that have been identified as 'competing applicants' under the current applications and queuing policy will be assessed and grouped into "competing applications groups" under the revised applications and queuing policy; and
- a trial assessment of existing generation applications found that nearly all applications could be adequately reassessed based on existing information (the trial assessment found that 46 applications can be grouped into nine competing applications groups, eight applications are not constrained and five applications are pending studies).

Western Power further indicates that it has commenced work on establishing the programs and processes that are necessary to implement a revised applications and queuing policy if the Authority were to approve the proposed revisions. In broad terms this will involve changes to internal processes and systems, internal training and stakeholder liaison.

Submissions are invited from interested parties on whether the advantages of varying Western Power's access arrangement, specifically the applications and queuing policy, during the current (AA2) access arrangement period (2009/10 to 2011/12) outweigh any disadvantages; for example in relation to decreased regulatory certainty and increased regulatory cost and delay.

4.1.3 Requirements Specific to the Applications and Queuing Policy

In considering whether to approve Western Power's variation proposal, the Authority must give consideration to the specific requirements for an applications and queuing policy, which are set out in sections 5.7 to 5.11 of the Access Code (refer to section 3.2 of this issues paper).

Western Power submits that its proposal to vary the current applications and queuing policy, and hence its proposed revised applications and queuing policy, complies with the requirements of the Access Code. In support of its position, Western Power has included details of its compliance assessment at section 3.3 of its variation proposal.

⁸ Western Power, Variation proposal, section 2.6.2.

⁹ Western Power, Variation proposal, section 3.4.

As previously indicated Western Power's variation proposal contains numerous proposed revisions to the current application and queuing policy that forms Appendix 1 of Western Power's current (AA2) access arrangement. These proposed revisions are detailed in section 3.2 of Western Power's variation proposal. The remaining sections of this issues paper provide a high level overview of the revisions that Western Power is proposing.

Submissions are invited from interested parties on whether Western Power's variation proposal, and hence its proposed revised applications and queuing policy, complies with the requirements of the Access Code; and in particular section 5.7 of the Access Code, which requires an applications and queuing policy to:

- (a) accommodate the interests of the service provider and of users and applicants, to the extent reasonably practicable; and
- (b) be sufficiently detailed to enable users and applicants to understand in advance how the applications and queuing policy will operate; and
- (c) set out a reasonable timeline for the commencement, progressing and finalisation of access contract negotiations between the service provider and an applicant, and oblige the service provider and applicants to use reasonable endeavours to adhere to the timeline; and
- (d) oblige the service provider, subject to any reasonable confidentiality requirements, to provide to an applicant all commercial and technical information reasonably requested by the applicant to enable the applicant to apply for, and engage in effective negotiation with the service provider regarding, the terms for an access contract for a covered service; and
- (e) set out the procedure for determining the priority that an applicant has, as against another applicant, to obtain access to covered services, where the applicants' access applications are competing applications; and
- (f) to the extent that contestable consumers are connected at exit points on the covered network, contain provisions dealing with the transfer of capacity associated with a contestable consumer which, to the extent that it is applicable, are consistent with and facilitate the operation of any customer transfer code; and
- (g) establish arrangements to enable a user who is:
 - i. a 'supplier of last resort' as defined in section 67 of the *Electricity Industry Act 2004* to comply with its obligations under Part 5 of the Act; and
 - ii. a 'default supplier' under regulations made in respect of section 59 of the *Electricity Industry Act 2004* to comply with its obligations under section 59 of the Act and the regulations; and
- (h) facilitate the operation of Part 9 of the *Electricity Industry Act 2004*,

any enactment under Part 9 of the Act and the 'market rules' as defined in section 121(1) of the Act; and

- (i) if applicable, contain provisions setting out how access applications (or other requests for access to the covered network) lodged before the start of the relevant access arrangement period are to be dealt with.

4.2 Overview of Western Power's Proposed Variations

4.2.1 *Defined Objective*

Western Power is proposing to include an explicit objective in the proposed revised applications and queuing policy.¹⁰

The objectives of this applications and queuing policy are:

- (a) to provide an equitable, transparent and efficient process for assessing the suitability of plant and equipment to connect to Western Power's network and to make access offers based on that assessment;
- (b) to undertake assessments and to provide shared network access offers that facilitate access by generators and loads to the WA Electricity Market (WEM) on an economically efficient and non-discriminatory basis that is consistent with WEM requirements, and uses a process that is equitable, transparent and efficient; and
- (c) where feasible and cost-effective, to facilitate joint solutions for connection applications.

Western Power submits that the proposed objective recognises that the applications and queuing policy should provide an equitable, transparent and efficient process for the connection of new loads and generators and for changes to existing connections. Furthermore, the revised policy should promote economically efficient and non-discriminatory access and, where feasible and cost effective, should promote joint solutions for connection applications.

Submissions are invited from interested parties as to what extent Western Power's proposed objectives are consistent with the Access Code requirements for an Applications and Queuing Policy and the Access Code objective.

4.2.2 *Amendments to Definitions*

Western Power is proposing numerous changes to the applications and queuing policy to amend existing defined terms and to introduce new defined terms.¹¹ Western Power submits that the proposed changes are necessary to accommodate the proposed

¹⁰ Western Power, Variation proposal, section 3.2.1.

¹¹ Western Power, Variation proposal, section 3.2.2.

variations to the current applications and queuing policy (i.e. the proposed revised applications and queuing policy).

Submissions are invited from interested parties on whether the proposed changes to definitions are appropriate.

4.2.3 Enquiry and Application Commencement

Western Power is proposing changes to the applications and queuing policy to formalise the enquiry process so that under the proposed revised applications and queuing policy it will be compulsory for applicants to lodge an “enquiry” prior to lodging an “application”.¹² Western Power considers that there are advantages to formalising the enquiry process. In particular, a formal enquiry process will provide a means for Western Power to provide initial information to an applicant so that the applicant can make better informed decisions about whether to proceed with an application.

With respect to the proposed enquiry stage, Western Power indicates that:

- Under the proposed enquiry stage the intending applicant may ask Western Power to undertake preliminary studies, or may request information from Western Power in order to commission its own preliminary studies.
- At the conclusion of the enquiry stage Western Power will provide the intending applicant a letter in response to its enquiry that will confirm the information that will be needed in an application, and provide the results of any studies requested by the applicant or any assessments that Western Power elected to do.
- An enquiry fee would be payable under the proposed revised applications and queuing policy, which is expected to be set at a modest level and be substantially the same as the current Application Lodgement Fee. Consistent with the current applications and queuing policy, the costs for studies that are requested by the applicant would be payable by the applicant.

With respect to the proposed applications stage, Western Power indicates that if an applicant decides to make an application, the applicant will need to provide the information that is specified by Western Power at the enquiry stage. Upon receiving an application Western Power will assess whether the application is complete, and if so, will time-stamp the application. This time-stamp will give the application its “priority date”, which will be used by Western Power as the initial basis for prioritising the commencement of studies. The priority date will have a residual role in circumstances where an application is determined to be competing with another application as a result of the proposed changes to the process for handling competing applications (refer to section 4.2.4 below).

Submissions are invited from interested parties on whether the proposed enquiry process is appropriate, in particular:

- whether it should be compulsory for applicants to make an “enquiry” prior to lodging an “application”;

¹² Western Power, Variation proposal, section 3.2.3.

- whether the proposed process for Western Power to specify information requirements for applicants, provide information to applicants and assessment of whether an application is complete is sufficiently transparent and equitable; and
- whether the proposed formalised enquiry process is likely to improve the applications and queuing process in terms of timing, information availability and decision-making processes.

4.2.4 *Competing Applications*

Western Power is proposing changes to the way in which it handles “competing” applications under the applications and queuing policy.¹³ Under both the current and proposed revised applications and queuing policy the term “competing”, in relation to two or more connection applications, means “that the provision of the covered service sought in one connection application may impede on Western Power’s ability to provide the covered services that are sought in the other connection applications”.

Western Power submits that the proposed changes to the process for handling competing applications, under the revised applications and queuing policy, will facilitate the strategic development of Western Power’s network to meet the needs of multiple applicants on an efficient and equitable basis. In addition, the proposed revised applications and queuing policy will:

- obviate the need for certain processes under the queuing rules, such as ‘by-pass’ and ‘dormant application’ provisions; and
- make more efficient use of network study resources, which should alleviate the current bottleneck (‘choke-point’) in the current process that is resulting from new and revised applications requiring multiple studies (‘study churn’); reducing this study churn will in turn lower the study costs incurred by applicants and shorten processing times.

Broadly speaking, Western Power’s proposal is to introduce “competing applications groups”, which is defined in the proposed revised applications and queuing policy as “a number of applications that are competing for access to limited network capacity and have been grouped together by Western Power”.

Section 3.2.4 of Western Power’s variation proposal outlines in detail (with cross references to relevant clauses of the applications and queuing policy) the proposed process for handling competing applications under the proposed revised applications and queuing policy.

Submissions are invited from interested parties on whether the proposed changes in relation to competing applications will:

- assist in addressing market efficiency issues; and

¹³ Western Power, Variation proposal, section 3.2.4.

- be sufficiently transparent and workable in practice.

4.2.5 *Deletion of Queue Concept*

Western Power is proposing changes to remove the ‘first-come first-served’ queuing principle from the applications and queuing policy.¹⁴ Under the current applications and queuing policy the first-come first-served queuing principle, as defined, acts to prioritise the processing of offers and well as to reserve capacity for earlier applications; preventing Western Power from making offers to later applicants until earlier applicants have signed access contracts. Western Power indicates that this current queuing principle was extended from the definition that is contained in the model applications and queuing policy in Appendix 2 of the Access Code (section A2.50).

Having regard to the outcomes of its 2009 to 2010 consultation process with stakeholders on initial proposed revisions to the applications and queuing policy, Western Power considers that the current first-come first-served queuing principle and rules should be wholly replaced with a revised process.

- Where spare capacity exists and there is no competition for that capacity at the time Western Power is capable of making an access offer for the use of that capacity, access offers will be provided to applicants.
- Where applicants are competing with other applicants for ‘spare’ capacity (i.e. the applicants’ combined requirements exceed available capacity) or for capacity that is yet to be built, applications will be grouped into “competing applications groups” (refer to section 4.2.4 above).
- All competing applications in a competing applications group will be simultaneously provided with consistent preliminary access offers, obviating the need for by-pass provisions (as exists under the current applications and queuing policy).

Under the competing applications process, dormant application provisions (as exists under the current applications and queuing policy) are not needed. Applicants of applications that are in effect dormant will have an incentive to opt out of the process when Western Power provides notification that it will prepare preliminary access offers due to the requirement to pay various fees.

Submissions are invited from interested parties on whether the “first-come first-served” queuing concept should be replaced by the proposed applications and queuing policy, outlining any advantages and disadvantages of doing so.

4.2.6 *Applicant Specific Solutions*

Western Power is proposing changes to the applications and queuing policy to facilitate “applicant specific solutions”. Western Power considers that there may be circumstances where a single applicant, requesting connection to the network, may wish to fully cover the cost of any augmentation of the shared network that is required to facilitate its connection.

¹⁴ Western Power, Variation proposal, section 3.2.5.

Western Power submits that the proposed revised applications and queuing policy would allow Western Power, if requested by an applicant, to develop an “applicant specific solution” and make an offer to the requesting applicant based on that solution.

Under the proposed revised applications and queuing policy, the term “applicant specific solution” covers augmentations to the shared network funded solely by the applicant and operational schemes, such as generator run-back or load inter-trips, or some combination of both. Specifically, under clause 2.1 of the proposed revised applications and queuing policy:

“applicant specific solution” means a method of satisfying a connection application by either:

- (a) works funded solely by the applicant, whether by direct funding or through payment of tariffs and/or contributions by that applicant and not involving another applicant; or
- (b) an operational solution involving only that applicant; or
- (c) a combination of works funded solely by the applicant and an operational solution.

Submissions are invited from interested parties as to whether the proposed changes in relation to applicant specific solutions are appropriate.

4.2.7 Fees and Costs

Western Power is proposing changes to the applications and queuing policy to amend or introduce various fees and costs.¹⁵ Such fees and costs include:

- An “enquiry fee”, which would not be refundable.
- An “application fee”, which would not be refundable.
- “Study costs”, which are substantially unchanged from the current applications and queuing policy. Proposed changes are intended to cover study costs for applicant specific solutions and facilitate the provision of estimates in good faith. Western Power indicates that the current applications and queuing policy does not contain provisions for a reconciliation of actual study costs against original estimates, nor does it contain provisions for additional costs to be levied. The proposed revised applications and queuing policy would provide for the refund of any unspent study costs and the collection of any additional study costs.
- “Costs of shared network planning and strategic solution development”. Western Power indicates that, under the proposed revised applications and queuing policy, it would bear the cost of its long-term strategic planning and solution development assessments for shared assets up until the point where notification of a preliminary access offer is provided. At this point a “preliminary offer processing fee” would be payable (refer below).
- A “preliminary offer processing fee”, which would only apply to competing applications and at the time Western Power notifies competing applicants, in a competing applications group, of its intention to make a preliminary access offer. Under the proposed revised applications and queuing policy, this fee may be refundable under particular circumstances.

¹⁵ Western Power, Variation proposal, section 3.2.7.

- A “preliminary acceptance fee”, which would apply to competing applicants that accept a preliminary access offer. Under the proposed revised applications and queuing policy, this fee would act as a ‘holding deposit’ for each applicants’ share of the network charges and contributions that form part of the preliminary access offer.
- “Unpaid study costs”. Under the proposed revised applications and queuing policy, applications will be deemed to have been withdrawn (from the application process) if any levied fees or study costs remain unpaid after 60 days.

Submissions are invited from interested parties as to whether the proposed fees and costs are reasonable.

4.2.8 *Withdrawal of Applications*

Western Power is proposing changes to the applications and queuing policy to address issues arising from non bona-fide applicants and applicants that are not ready to proceed.¹⁶ Western Power submits that such applicants have hindered its ability to make offers, under the current applications and queuing policy, to other genuine applicants. Western Power proposes to amend the existing bypass and dormant application provisions in the current policy by detailing the circumstances under which applications will be deemed to be withdrawn by virtue of an act or omission on the part of an applicant.

Under the proposed revised applications and queuing policy applications will be deemed to be withdrawn under the following circumstances.

- Where the applicant fails to correct an error in an application.
- Where an applicant rejects an access offer and does not seek an amendment.
- Where an applicant rejects an access offer and does seek an amendment, but where Western Power and the applicant fail to reach an agreement within 30 business days.
- Where an applicant rejects a study proposal from Western Power and fails to agree on an alternative proposal within 60 business days.
- Where the applicant does not pay any fees or study costs that are payable within 60 days of being invoiced for those fees or study costs.
- Where Western Power notifies an applicant in a competing applications group of its intention to provide an offer to all applicants in that group and the applicant does not either: notify Western Power (within 30 business days) that it wishes to receive such an offer; or fails to respond to the notification; or does not pay the associated fee.
- Where Western Power makes a preliminary access offer to an applicant, in a competing applications group, and the applicant either: rejects that offer; or seeks amendments to the offer and those amendments are not agreed on within 30 business days.

¹⁶ Western Power, Variation proposal, section 3.2.8.

Submissions are invited from interested parties as to whether the proposed circumstances under which Western Power can withdraw applications is reasonable and transparent; and whether there are any other circumstances where an application should be withdrawn, or deemed to be withdrawn.

4.2.9 Changes to Priority Dates

Western Power is proposing changes to the applications and queuing policy to establish provisions for “priority dates”, including provisions to amend priority dates in certain circumstances.¹⁷ Western Power submits that the proposed changes typically reflect existing provisions and clauses of the current applications and queuing policy.

Under the proposed revised applications and queuing policy the priority date is the date that Western Power stamps an application as lodged and complete. This process is proposed to be completed during the “applications stage” (refer to section 4.2.3 above).

Submissions are invited from interested parties as to whether the proposed changes to priority dates are appropriate.

4.2.10 Timeliness

Western Power is proposing changes to the applications and queuing policy to clarify the requirement for Western Power to make access offers in a timely manner.¹⁸ Under the proposed revised applications and queuing policy Western Power will be required to make access offers as soon as practicable, having regard to:

- the nature of the connection application;
- competing applications; and
- the need (where applicable) for works involving shared assets in order for Western Power to be able to provide access in accordance with the Technical Rules.

Submissions are invited from interested parties as to whether the clarifications are likely to lead to actual improvements in the timeliness of the applications and queuing process.

4.2.11 Clarification of Attachment Point

Western Power is proposing changes to the applications and queuing policy to clarify the interpretation of “attachment point” to ensure its intended meaning under the policy.¹⁹ The proposed changes involve an amendment to the provisions relating to connection

¹⁷ Western Power, Variation proposal, section 3.2.9.

¹⁸ Western Power, Variation proposal, section 3.2.10.

¹⁹ Western Power, Variation proposal, section 3.2.11.

point configuration, whereby Western Power must comply with specified rules for mapping network assets to a single connection point. Under the proposed revised applications and queuing policy, Western Power will be required to have regard to the following rule when determining the configuration of a connection point.

A connection point may comprise more than one attachment point to the network provided that each attachment point is to the same lot or premises and is operated at the same voltage.

Submissions are invited from interested parties as to whether the proposed clarification of the interpretation of “attachment point” is appropriate.