

Application for exemption from certain requirements of the Technical Rules submitted by Western Power

- Additional supply to the Geraldton Port Authority

Issues Paper

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Economic Regulation Authority

WESTERN AUSTRALIA

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1 Introduction

Western Power has submitted an application to the Authority for exemption from compliance with certain requirements of its Technical Rules in relation to the supply of electricity to the Geraldton Port Authority (**GPA**). The application is made under section 12.40 of the *Electricity Networks Access Code 2004* (**Access Code**).

2 Exemptions from Technical Rules

Technical Rules consist of the standards, procedures and planning criteria governing the construction and operation of an electricity network and are required under the Access Code for all covered networks. The Authority first approved and published Western Power's Technical Rules on 26 April 2007 which became effective from 1 July 2007. Revisions to the Technical Rules were approved by the Authority on 10 November 2011 and took effect from 23 December 2011.

Under section 12.40 of the Access Code a service provider may apply to the Authority for an exemption from one or more requirements of its technical rules which apply to the service provider and all applicants, users and controllers of the covered network.

Section 12.41 of the Access Code requires the Authority to determine an application as soon as practicable as a reasonable and prudent person on reasonable technical and operational grounds and having regard to the effect the proposed exemption will have on the service provider and users of the network and any interconnected network. The Authority must grant the exemption if it determines that in all the circumstances, the disadvantages of requiring compliance with the Technical Rules are likely to exceed the advantages.

Under section 12.43, an exemption:

- may be granted for a specified period or indefinitely;
- may be subject to any reasonable conditions the service provider considers fit, in which case the network persons must comply with the conditions, or may be unconditional; and
- may be varied or revoked by the service provider after reasonable notice to the network persons.

Under section 12.46, the Authority may consult the public in accordance with Appendix 7. Section 12.44 requires the Authority to notify the service provider of its determination within 45 business days of receiving the application, if it has consulted with the public, and 25 business days if it has not.

Under section 12.42, the Authority may refer a service provider's request to the technical rules committee and request its advice on the application. If it seeks advice from the technical rules committee then, subject to complying with the specified time limits, the Authority must have regard to that advice in making its determination.

Section 12.47 requires the Authority to publish a notice giving details of any exemption.

3 Western Power's Application

Western Power submitted an application for an exemption to the Authority on 19 October 2012.

The application is for a temporary exemption from compliance with clause 2.5.2.2 (requirement to base reliability on an N-1¹ criterion) to allow Western Power to provide a requested load increase from GPA of 11.65 MVA with a supply from the North Country transmission system that meets a lower N-0 reliability criterion.

For a transmission system an N-1 planning criterion means that for the loss of any single transmission element, supply to this network is maintained and load shedding is avoided. Under an N-0 criterion the loss of a transmission element will result in load shedding to maintain the network. Only the additional load request of 11.65 MVA from GPA will be subject to load shedding under the proposal. All existing loads in the North Country, including GPA's existing load, will be maintained at the N-1 planning criterion.

Due to constraints in the transmission system, to meet the N-1 planning criterion for the North Country transmission system, the Mungarra Gas Turbines (**MGTs**) are dispatched under a Dispatch Support Deed with Verve Energy once the North Country load exceeds certain thresholds.

In requesting this exemption, Western Power assumes that the **MGTs** will not be dispatched to provide network support to the North Country transmission system as a result of GPA's load increase given that additional dispatch of the **MGTs** would result in significant additional dispatch costs being incurred.

Western Power considers the exemption is necessary for the following reasons:

- western Power cannot carry out the required work to the network to deliver an N-1 supply within the timeframe requested for connection by GPA;
- the alternative option cost to provide GPA an N-1 supply by procuring generation via network control services (**NCS**)² is likely to be significant. There are also no suitable generators currently installed that could provide an NCS service to remove the RAN transformer capacity constraint;
- an N-0 reliability of supply is acceptable for GPA's operations. This is its preferred connection option and facilitates connection to supply the additional load in the timeframe requested;
- the proposal will not adversely impact the supply reliability and quality for other network users; and
- the exemption will be temporary until the MWEPS Southern Section transmission upgrade is in service and the need for an exemption beyond this date would be the subject of a separate future submission to the Authority.

In its application, Western Power provided a copy of a letter from GPA indicating support for Western Power's application and confirming its understanding that due to network constraints Western Power is unable to provide this as a reference service.

¹ Terminology such as "N-0" and "N-1" is commonly used for describing the level of security of the transmission system.

² Network control services are demand-side management or generation solutions that can be a substitute for network augmentation.

4 Matters to be considered

In considering whether to approve Western Power's applications for exemption from certain aspects of the Technical Rules, the Authority must, having regard to the effect the proposed exemption will have on the service provider and users of the network and any interconnected network, grant the exemption if it determines that in all the circumstances, the disadvantages of requiring compliance with the Technical Rules are likely to exceed the advantages.

4.1 GPA supply

Western Power states that it has not identified any feasible alternative option under which a fully compliant N-1 supply planning criterion can be met in providing GPA with a reference service supply before completion of the MWEF (Southern Section). Western Power notes that the exemption is to apply only until the MWEF (Southern Section) is in service.

Submissions are invited from interested parties on Western Power's application, in particular regarding:

- whether the proposed exemption will materially impact on other users; and
- whether there are any reasonable alternative options which would be compliant with the Technical Rules.