



Economic Regulation Authority  
Level 4, Albert Facey House  
469 Wellington Street, Perth WA 6000

Submitted online to: [www.erawa.com.au/consultation](http://www.erawa.com.au/consultation)

## **EXCLUDED SERVICE DETERMINATION FOR SERVICES PROVIDED BY BATTERIES OWNED BY WESTERN POWER**

Alinta Energy appreciates the opportunity to provide feedback on the ERA's proposal to classify services from batteries owned by Western Power as "excluded services".

Alinta Energy agrees with the ERA's analysis presented in the consultation paper and supports this proposal because it considers that:

- 1) The market for the supply of battery services is subject to effective competition. Alinta Energy has experience in developing and installing battery storage projects and notes that there are numerous large scale storage projects planned for the SWIS, and many underway in the NEM.
- 2) The revenue and cost of network services provided by a battery can be more easily identified and excluded from Western Power's price control where the services are being provided by a third party; compared to where they are provided by a battery owned by Western Power. As noted by the ERA, this is because where Western Power owns the battery, regulations would be required to allocate the capital cost of the battery between covered and non-covered services. Alinta Energy agrees that this would be difficult because the proportion of the battery used to provide network support services would change to reflect changing network requirements; and because batteries could provide covered and non-covered services simultaneously, and switch between services quickly. By comparison, where these services are provided by a third party, the costs would be determined via the contracted cost of the network services, which would be subject to competitive pressure, removing the need for complex regulations.
- 3) This would support a level playing field for all potential storage service providers to provide network support services and put competitive pressure on industry to develop the most cost-effective ways to optimise battery assets. Alinta Energy agrees that "this should lead to greater availability and lower costs for network support services, which is consistent with the Code objective to promote the efficient investment in, and efficient operation and use of, services of networks for the long-term interests of consumers."<sup>1</sup>
- 4) Allowing Western power to own and earn both regulated and unregulated revenue from storage assets may undermine competition and its benefits. This is because there would be risks that:

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<sup>1</sup> Economic Regulation Authority, [Excluded service determination for services provided by batteries owned by Western Power – Consultation paper](#), September 2021, p.8.

- a. Costs are shifted from the contestable market to the regulated network, increasing the price for regulated services and giving the network operator an unfair cost advantage in the contestable market.
- b. The network operator uses its control of the regulated infrastructure and monopsony of network services in the SWIS to give it an advantage in the contestable market. This may include favouring its own projects over the private sector or “using technical matters to suppress access in the contestable market, imposing unnecessary costs on competitors, or misusing confidential information...”<sup>2</sup>

Thank you for your consideration of Alinta Energy's submission.

Yours sincerely

**Oscar Carlberg**

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<sup>2</sup> P. 50 [Regulatory framework for the Pilbara electricity networks: Light handed access regime – Detailed Design Consultation paper](#) (March 2019)