

4 October 2021

Elizabeth Walters  
Assistant Director, Electricity  
Economic Regulation Authority  
Level 4, 469 Wellington Street,  
Perth WA 6000

Submitted via electronic lodgement at <https://www.erawa.com.au/consultation>

Dear Ms Walters

### **Excluded service determination for services provided by batteries owned by Western Power – Consultation Paper**

Western Power welcomes the opportunity to provide feedback on the Economic Regulation Authority's (ERA) proposed approach for the regulation of batteries owned by Western Power.

Western Power supports the ERA's intention to classify network services provided by batteries owned by Western Power as an excluded service. Western Power agrees with the ERA's view that an excluded services classification will "promote investment in these technologies and provide a more transparent identification of the efficient cost of the relevant network services."

In terms of the specific questions in the consultation paper, Western Power makes the following comments:

1. The ERA is seeking stakeholder feedback on its view that the supply of services from batteries is subject to effective competition.

As noted by the ERA, Western Power has recently sought storage services from the market and received interest from the market. Requests of this type are likely to increase in the future given the new requirements in the Access Code, especially in relation to the Network Opportunities Map. These new processes will likely see the market for storage services grow.

2. The ERA is seeking stakeholder feedback on its view that the revenue from services provided by, and the cost of a battery can be easily identified and excluded from Western Power's price control without departing from the Code objective.

Western Power acknowledges the requirement to identify and exclude the cost of a battery from Western Power's price control. Western Power will review and establish appropriate systems and processes to ensure this can be achieved in accordance with the Cost and Revenue Allocation Methodology. Western Power notes that expenditure by Western Power on batteries will be excluded from the Regulated Asset Base (RAB), and an efficient annual non-capital cost will be charged instead. This approach would appear to meet this requirement.



However, Western Power notes that some expenditure on batteries has already been incurred (and assessed by the ERA as part of AA4) prior to an excluded services determination, for example the battery installed in Perenjori. It would be complex to retrospectively adjust revenues and the RAB to remove these expenditures. Consideration should be given to not excluding previously assessed expenditure on batteries.

If the ERA would like to discuss any aspect of our response, please contact Jonathon Mizen at [jonathon.mizen@westernpower.com.au](mailto:jonathon.mizen@westernpower.com.au).

Yours sincerely

**Zahra Jabiri**

Head of Regulation and Investment Assurance

Cc: Jacqui Hall, Chief Financial Officer