

10 November 2021

By email to publicsubmissions@erawa.com.au

Submission on NFIT Guidelines Consultation Paper – Perth Energy

Good Morning

Perth Energy, as a major generator and retailer appreciates the opportunity to respond to the consultation paper outlining guidelines on factors that will be considered in NFIT determinations. Network costs make up a very substantial portion of the total electricity costs paid by customers so it is appropriate that this matter be given detailed consideration. Any steps that can minimise the cost of networks, while meeting the requirements for safety, reliability and supply security, should be encouraged.

The proposed guidelines set out in the consultation paper are very comprehensive and demonstrate a detailed understanding of the relevant issues by the ERA. They also identify some of the practical issues that will inevitably arise in any detailed long term economic analysis. We commend the ERA on the work that has been put into this proposed process and support its approach.

Unsurprisingly, we have very few comments to make:

- While it is not directly part of this process, it would be good to see some guidelines as to how a project could be determined to be a priority project. This is beyond the scope of the ERA but we raise it as a matter of record because it potentially provides a mechanism for the NFIT to be bypassed by the service provider.
- The guidelines include an assessment of the service provider's forecasts. We suggest that this could include an assessment of the potential risks arising from errors in the forecasts, both on an overall and regional level.
- In considering what alternative options have been considered, the ERA may need to assess whether the service provider has allowed adequate time for third parties to develop feasible alternatives.
- Achieving "best-practice" standards in respect to human and environmental safety could potentially be used to unreasonably favour one option over another. We note that this has been tied to "good electricity industry practice" which, while still not a fully defined term, does place a realistic expectation on the required standards.

- In assessing net benefits that are received by other participants in the WEM, care would need to be taken to avoid any double counting. The benefits would need to be directly attributed to the proposed investment.

Should you have any questions in respect to this submission please do not hesitate to contact me on

Yours sincerely,

Patrick Peake

Senior Manager WA EMR

I am based in the Perth Office and work Tuesday , Wednesday and Thursday