



20 April 2022

Our Ref: CWF-20220420

Ms Jenness Gardner
Chief Executive Officer
Economic Regulation Authority
Level 4, 469 Wellington Street
PERTH WA 6000

Attention: Elizabeth Walters

Dear Ms Gardner

**RE: SUBMISSION ON WESTERN POWER ACCESS ARRANGEMENT FIVE (2022/23-2026/27)
ISSUES PAPER**

Thank you for the opportunity to comment on the ERA's Issues Paper on Western Power's Access Arrangement Five (AA5) submission.

Collgar Wind Farm (Collgar) considers that Western Power's AA5 proposal may not enable it to appropriately respond to the energy transformation. In particular, it is foreseeable that additional network investment will be required to service new generation and loads across the network.

Collgar acknowledges the Whole of System Plan (WOSP) encourages new generation to locate in the south to use excess network capacity. However, renewable generation facilities are best located in areas with high resource capacity factors. This may not always align with network availability.

Similarly, many large loads (for example, mines and established industrial facilities) are unable to shift location to a less congested area of the grid and hence network investment is likely required.

Collgar understands that further planning will be undertaken following release of the second WOSP in the coming years. However, not including the estimated cost of future network investment in AA5 creates uncertainty and risk for network users.

Network fees and charges account for approximately 28 per cent of Collgar's costs and hence it is critical there is transparency around future increases to an already material cost-base.

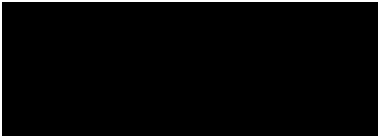
Collgar encourages Western Power to undertake sensitivity analysis of different network investment scenarios and provide these to the ERA for consideration. This would provide greater transparency for existing and future Market Participants and enable the ERA to consider the full cost across the AA5 period.¹

¹ An in-period submission would still be required however this enables visibility of the estimated cost up front.

Further, Collgar considers the Western Power's investment is heavily focused on Distributed Energy Resources (DER). While this investment is necessary and beneficial, Western Power's proposal indicates that these costs may not always be recovered on a user-pays basis. Cost recovery principals must be equitably and consistently applied across different classes of network users.

Collgar has provided responses to the questions outlined in the issues paper in Attachment 1.

Yours sincerely



REBECCA WHITE

REGULATORY AND TRADING MANAGER

Question for stakeholders	Collgar comment
<p>1. Is the network strategy Western Power has proposed to reconfigure and modernise the network, and the associated investment for AA5, reasonable, properly timed and based on sound cost estimates?</p>	<p>Network planning</p> <p>Collgar generally supports the approach to transition to a modular network as it provides the most cost-effective solution to meet future requirements. However, Collgar has concerns about Western Power's proposed execution approach.</p> <p>As outlined above, Collgar is concerned that Western Power has not planned for the transmission network investment required to enable the energy transition. Collgar notes that Western Power has forecast declining operational demand, somewhat consistent with AEMO's Electricity Statement of Opportunities 2021 report. However, this may understate demand increases due to not including demand from electric vehicles and perhaps underestimating the rate that commercial and industrial operations electrify to meet emissions targets.</p> <p>Even with declining operational demand, the location of that demand is likely to vary from current patterns. Further, renewable resource availability is an important factor in locating new facilities, which may not align with network availability. Given this, it is foreseeable that investment in transmission infrastructure will be required to service new loads and generation facilities.</p> <p>Collgar acknowledges that Western Power has identified increased electrification as an area of uncertainty and this makes it challenging to undertake network planning. Collgar encourages Western Power to continue to work with stakeholders to understand their future network needs and use this to inform network planning. Western Power can also anticipate future demand</p>

		<p>given the location of large loads that have made commitments decrease emissions through electrification.</p> <p>Collgar supports investment in stand-alone power systems and other technologies that enable provision of cost-effective fit-for-purpose services.</p> <p>SCADA and telecommunication systems</p> <p>Western Power’s proposal includes investment in SCADA and telecommunications. This funding seems to be focused on DER integration. It is unclear whether Western Power proposes to fund SCADA and telecommunication upgrades required by transmission connected users to support their WEM participation (e.g. to meet requirements for provision of Essential System Services). A consistent approach to cost recovery for DER and transmission-connected users ought to be applied.</p> <p>Advanced metering for DER</p> <p>Collgar notes that Western Power proposes to invest in advanced metering to enable increased visibility and controllability of the DER network. Collgar considers that if a user with DER wants to participate in future distribution markets and aggregation opportunities, then that user ought to fund the meter upgrade. This is consistent with the current approach to installing rooftop solar and cost-recovery principals applied for investments in the transmission network.²</p>
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² Collgar notes an exception is funding to replace or upgrade contestable meters to support implementation of five-minute settlement in the Wholesale Electricity Market. This exception is valid given five-minute settlement isn’t optional and is being retrospectively applied. In contrast, DER participation in the market is optional and hence users can consider meter and other costs in their decision to participate.

3.	The ERA is seeking stakeholder views on Western Power's proposed approaches to addressing climate change during AA5.	<p>As outlined in row 1 above, it is unclear Western Power plans to adequately invest in the transmission network to enable emissions reduction through electrification.</p> <p>It is also unclear whether Western Power has included adequate funding for fire prevention (for example, vegetation clearing around its assets). This may be a cost-effective method to decrease the threat of bushfires to its assets.</p>
5.	The ERA is interested in stakeholder feedback on whether the revised access arrangement should incorporate measures focussed on reliability performance in specific areas of the network where reliability is below or tracking below the benchmark.	Any investment to improve reliability must take into consideration the future evolution of the network. For example, improvements to reliability in areas identified for future stand-alone power systems may not be an efficient investment given the short asset life. There should also be consideration of the opportunity cost of that investment and whether funds would be better allocated elsewhere.
6.	<p>The ERA is interested in stakeholder views on:</p> <ul style="list-style-type: none"> • Western Power's proposed approach to the cost uncertainties indicated in its proposal. • How Western Power has responded to and is managing uncertainty about the market transformation 	<p>Collgar considers that Western Power could improve the way it costs uncertainty by undertaking sensitivity analysis. For example, Western Power acknowledges that increased electrification could drive future network investment, however it has not provided information on possible investment scenarios, their costs, and the flow through to network fees and charges.</p> <p>Collgar acknowledges that the timing of the second WOSP makes it challenging for Western Power to develop its network investment plan. There is a risk that lack of certainty around network investment delays or quashes private sector projects, hindering achievement of emissions reductions targets and development of the generation facilities required for system security (e.g. fast-responding, flexible).</p> <p>Collgar encourages Western Power to work with Energy Policy WA to align future WOSPs so they can best inform future Access Arrangement proposals.</p>

7.	<p>The ERA is particularly interested in stakeholder views on:</p> <ul style="list-style-type: none"> • Whether Western Power's proposed changes to the connection provisions of the access arrangement adequately address requirements for the new market design. • Any issues stakeholders have encountered when seeking connections that could be addressed by further amendments to the standard access contract, applications and queuing policy or contributions policy. 	<p>It is critical that the connection process enables for swift consideration of applications. Prolonged application periods may mean that project developers are not able to respond to increased demand in a timely manner. This accentuates the problems outlined in row 6 regarding investment certainty, project delays and realisation of the benefits of new facilities and electrification projects.</p> <p>There should also be provision for smaller projects that present less risk to the network to have shorter application timeframes.</p>
8.	<p>The ERA is interested in stakeholder views and experience of how well Western Power communicates with customers and whether current service standards are adequate or any improvements are needed.</p>	<p>Collgar would most benefit from improvements in online services (for example, more user-friendly navigation for requesting Western Power switching services and the ability to choose the time of day for the switching using the on-line form).</p> <p>Collgar has recently attended forums held by Western Power to engage with users. Collgar values this as an engagement method. It also values having a Customer Relationship Consultant.</p>
9.	<p>Was stakeholder consultation on the proposed tariff structures adequate and were stakeholder views taken account of to ensure the proposed tariff structures accommodate the reasonable requirements of users and end-use customers?</p>	<p>Collgar considers the consultation process (steps) is sufficient for transmission connected customers. However, there may be scope for Western Power to include additional detail at each step.</p> <p>Collgar cannot comment on whether the process was sufficient for end-use customers.</p>

10.	<p>The ERA is seeking:</p> <ul style="list-style-type: none"> Stakeholder views on the proposed new tariffs and new tariff structures, including whether they will facilitate the connection of storage and electric vehicle charging stations and encourage demand patterns that will minimise the need for network augmentation. Stakeholder views on, and any information to assist in the review of, the tariff structure, future cost estimates, cost allocation and rebalancing of tariffs. 	<p>Collgar supports increasing a tariff for grid-connected batteries and electric vehicle charging as it aligns with the user-pays principal. Collgar also supports increasing the fixed-charge component of residential tariffs to better share the cost of the network across users.</p> <p>Collgar supports the introduction of the very low super off-peak rate to encourage smoothing of energy use (although notes this will only be effective if retail energy tariffs are able to also adjust).</p>
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