

29 April 2022

Ms Elizabeth Walters
Economic Regulation Authority
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Via email: Elizabeth.walters@erawa.com.au

Expert Consumer Panel submission on Western Power's published fifth access arrangement submission and the ERA's Issues Paper

Dear Elizabeth,

Thank you for the opportunity to make a submission in response to Western Power's AA5 submission and the matters raised in the Economic Regulation Authority's (ERA) Issues Paper.¹

The WA Expert Consumer Panel (ECP) is supported by the State Government's Western Australian Advocacy for Consumers of Energy (WA ACE) grant funding, to engage in consumer advocacy and contribute to major decision making in the sector.

Network costs are a significant contributor to energy bills, and households and businesses are relying on Western Power to deliver a smart and efficient strategy in a time of transformative change. The ECP looks forward to continuing to engage with Western Power and the ERA in a collaborative way to achieve this outcome.

While Western Power's operating environment has unique features, the ECP is keen to ensure that the proposal reflects best practice from across Australia. The ECP's assessment of the proposal is therefore informed by a high-level strategic review undertaken by Dynamic Analysis (Attachment 1), which provides this perspective, and identifies areas that would benefit from further consideration by the ERA.

A major challenge facing Western Power is how to balance the need to invest in the grid to support climate change priorities and the new energy choices people in households, businesses and communities are making, as well as reliability, and resilience in the face of extreme weather events, without compromising affordability.

The review by Dynamic Analysis finds Western Power's network transformation vision is in many ways leading practice. It identifies opportunities for Western Power to adopt clearer and stronger risk-management and expenditure prioritisation practices to achieve the best possible balance for consumers. It is the ECP's view that an ambitious vision and rigorous risk

¹ This submission identifies key matters of interest for ECP members reflecting our diverse expertise and perspectives. It does not represent the view of any other party. Details of the ECP can be found at: <https://www.wa.gov.au/government/document-collections/expert-consumer-panel>.

management are two sides of the same coin and both must be demonstrated by Western Power in its proposal.

We would also encourage the ERA to consider Western Power's consumer engagement strategy in its review. We note that the Issues Paper does not consider engagement beyond (important) questions about customer communications in relation to service issues and consultation on tariff structures. Western Power engaged extensively with its customers as part of developing its proposal and we would encourage the ERA to consider the nature of this engagement and how the feedback received through this process has shaped its strategy and plans.

Energy networks across Australia are engaging with consumers and communities in increasingly sophisticated ways - including via 'people's panels' and other approaches - and the ECP is keen to see this best practice applied in Western Australia.² Deep engagement is critical because Western Power is having to make big decisions about the future shape of the network. Customers and communities must have a say in these decisions, and must be authentically engaged about the issues, the choices and the risks.

The ECP has engaged with Western Power in relation to its tariff proposals. We attach a submission the ECP made to Western Power in November 2021 in response to Western Power's Tariff Structure Statement consultation (Attachment 2). The ECP's view is that Western Power can reform its tariffs to better reward customers for flexible energy use, and better align pricing structures with network cost drivers, without resorting to higher fixed charges which create affordability risks for consumers.

More detailed comments on these matters, and responses to the ERA's Issues Paper questions for stakeholders, are provided in Attachment 3.

We would be pleased to provide any further information to support this submission and look forward to engaging with the ERA and Western Power as the process continues. Dynamic Analysis is also available to discuss its high-level findings (Attachment 1) with the ERA if that would be helpful.

Yours sincerely,

Expert Consumer Panel

² See for example NT Power and Water's process and People's Panel Summary Report <https://www.powerwater.com.au/about/regulation/the-future-of-electricity-in-the-territory> and https://www.powerwater.com.au/_data/assets/pdf_file/0010/110431/People-Panel-Report-2022-web.pdf

Attachment 1 - Review of Western Power's proposed access arrangement for 2022-27,
Dynamic Analysis

Attachment 2 - ECP submission on Western Power Tariff Structure Statement, November
2021

Attachment 3 - Detailed comments.