The Fifth Access Arrangement (AA5) Proposal - Stakeholder Forum

Presentation of Additional Information

6 July 2022

Objective

- Western Power provides this additional access arrangement information to support our initial proposal for the fifth access arrangement period spanning 1 July 2022 to 30 June 2027 (AA5).

- This additional information sets out further detail that Western Power considers would assist stakeholders in understanding the proposed new reference services and tariff structures to be incorporated into its access arrangement.

Online Forum Housekeeping

Please mute your microphone to avoid distracting background noises

Video is recommended for presenters only, as this helps the performance of Teams and minimises distractions. However, we encourage you to turn it on if you raise a question during the Q&A.

If you have any questions during the presentation, please enter them in the chat function and we'll respond where appropriate.

AA5 Proposal Overview

AA5 Financial Summary

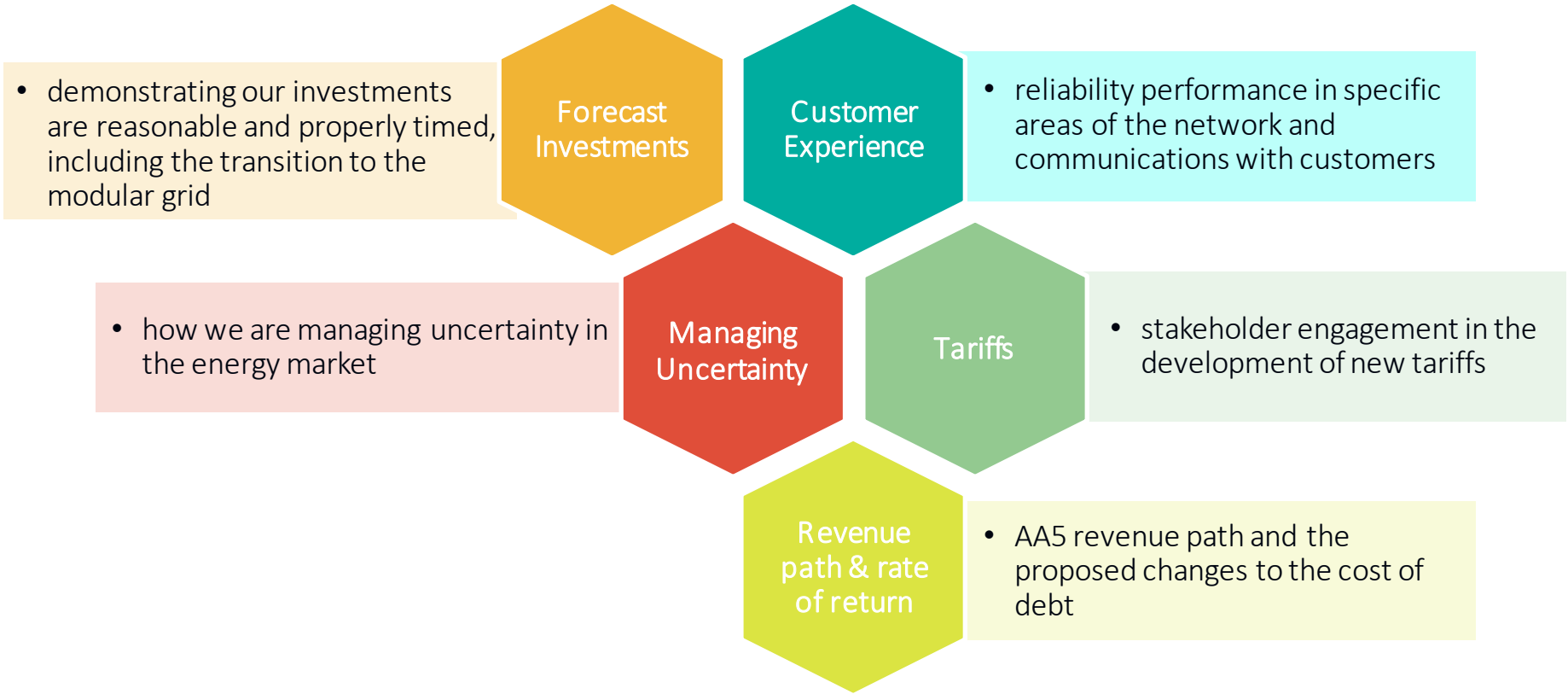
Smoothed Revenue[1]	$7.5BN	▼ 7% lower than AA4
Capex[2]	$5.4BN	▲ 30% higher than AA4[1]
Opex[3]	$2.2BN	▼ 2% lower than AA4[1]
Average annual AA5 price increase[4]	0.91%	▼ 50% lower than AA4[1]

Notes:

[1] in real terms FY22$
[2] in real terms FY22$, including $1BN of Gifted Assets & Cash Contributions
[3] in real terms FY22$, excluding Tariff Equalisation Contribution (TEC)
[4] Average network component of the average residential customer's bill.

Outcomes for Customers

AA5 Issues Paper - Key themes

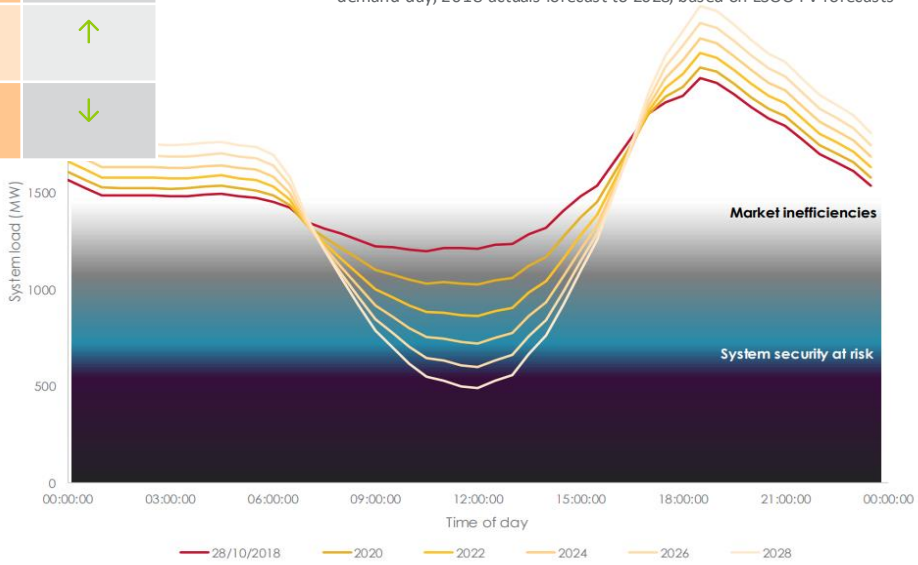


Responding to our customers

	AA3	Today (AA4)	AA5	Trend
Residential Solar PV	-	1,800 MW	3,000 MW	↑
Behind-the-meter Battery Storage	-	40 MW	700 MW	↑
Renewable generation[1]	9%	30%	~40%	↑
Maximum Demand	4,053 MW	4,223 MW	4,360 MW	↑
Minimum Demand[2]	1,593 MW	856 MW	[<600 MW]	↓

[1] As a percentage of total generation
[2] Trend continuing downwards rapidly and Western Power continues to work with AEMO and Energy Policy WA on associated implications

Source: AEMO's analysis on the shape of the load curve on the minimum demand day, 2018 actuals forecast to 2028, based on ESOO PV forecasts



Continuous engagement

Event	Date
Tariff Structure Statement User Forum #1	August 2021
Tariff Structure Statement User Forum #2	September 2021
Community Reference Group & Expert Consumer Panel – Tariff Structures	August – September 2021
Pre-Submission Stakeholder Forum	January 2022
Submission of AA5 Proposal	February 2022
AA5 Public Forum	February 2022
ERA publishes AA5 issues paper & submissions	March - June 2022
ERA Public Forum	March 2022
Additional Access Arrangement Information	May - June 2022
TODAY – Stakeholder Forum	**July 2022**

For discussion today

1. New reference tariffs
    - Time-of-use services
    - Dedicated storage services
    - Electric vehicle services
2. Indicative network prices - 2023/24
3. Opportunities for further engagement
4. Q & A

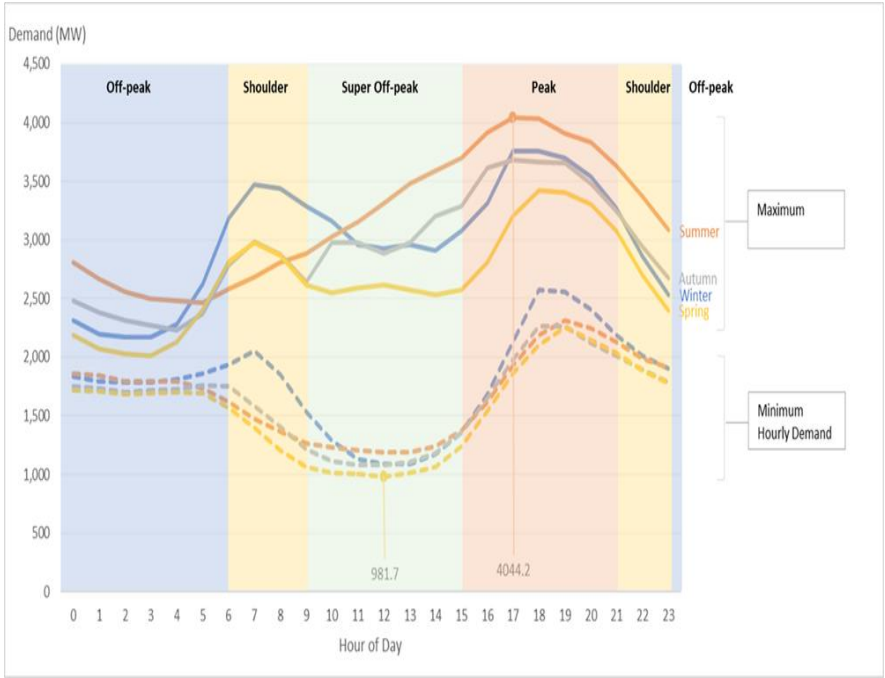
Time-of-use Services

Concept:

- To address stakeholder concerns about a reduction in available tariff options, proposing a **new super off-peak time-of-use business (only) tariff with a demand component.**
- Expectation that expanding tariff options to account for those already available to Users should allow for the grandfathering of existing tariffs.

Key change to proposed tariff structure:

- A demand-based charge calculated by multiplying the demand charge by the maximum demand in a 30-minute period within the on-peak period defined above at the connection point (expressed in kW) measured over a billing period.



Dedicated Storage Services

Concept:

- Rather than treat storage as a load under existing network tariffs, Western Power has considered whether they would be better subject to a dual type tariff structure that incentivises dynamic operation of storage to facilitate efficient network utilisation.

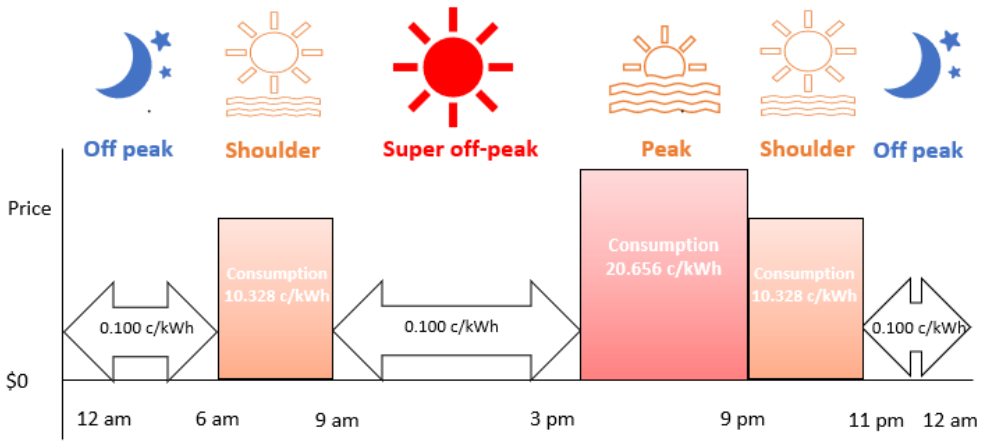
Proposed Approach:

- Western Power is proposing a **volumetric (bi-directional) time-of-use structure** to signal battery operators not to charge from the network during peak and shoulder periods and not to discharge during periods of low network load.

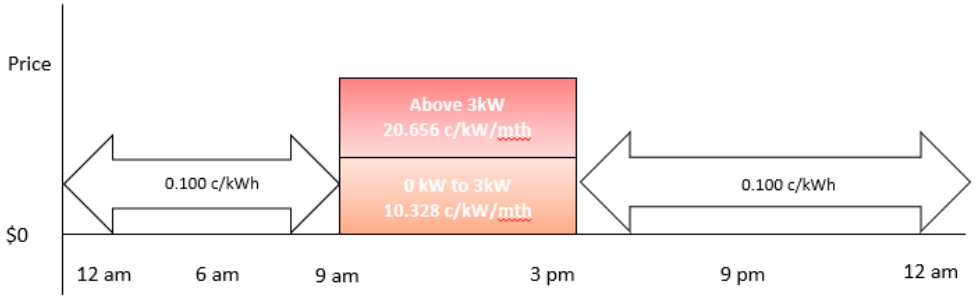
Dedicated Storage Services

Visual representation of proposed tariff:

Electricity consumption from the grid



Battery exports to the grid



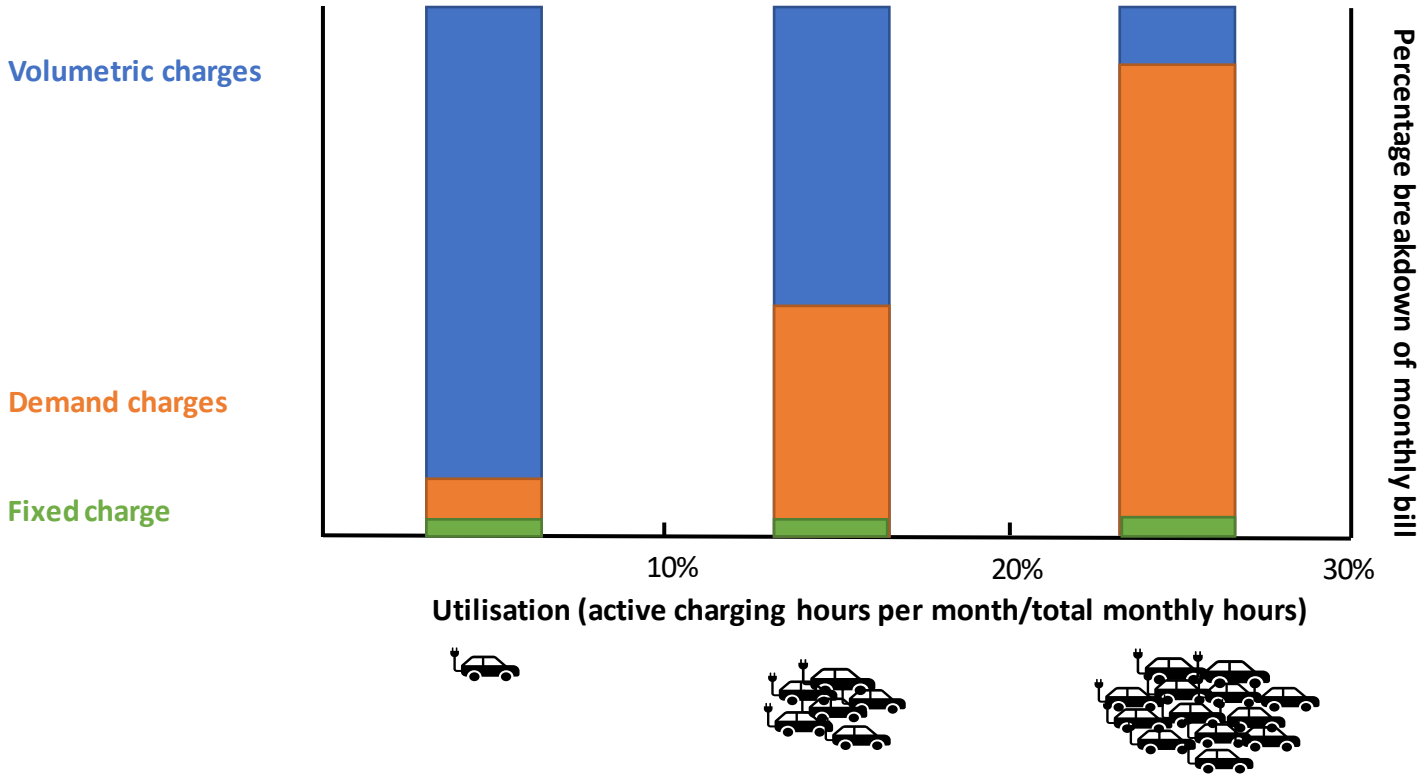
Dedicated Electric Vehicle Services

Concept:

- This tariff will only apply to **dedicated EV charging infrastructure** (akin to a petrol station in operation).
- This tariff is intended to **gradually transition** dedicated EV charging infrastructure **from volumetric (time-of-use) to demand based charges** over time.
- The information collected from end-use customers and users of this tariff will be **used to inform any changes in structure for AA6.**
- **"Utilisation"** for this reference tariff to be defined as the proportion of 30-minute intervals over a billing period that exceed a defined threshold (**account for active charging periods only**).

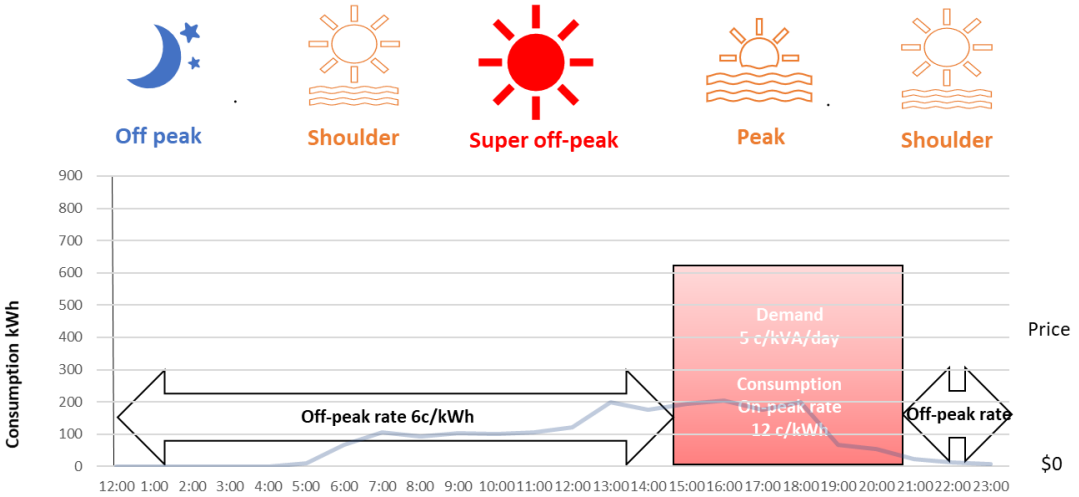
Dedicated Electric Vehicle Services

Conceptual effect of tariff structure on bill:

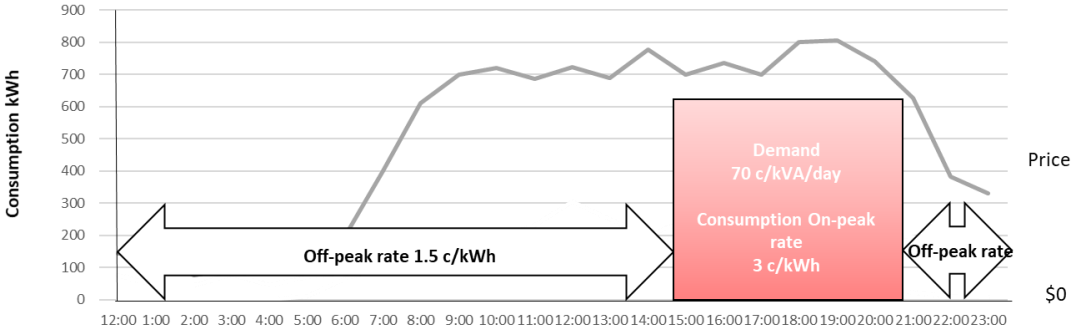


Dedicated Electric Vehicle Services

Utilisation of 5%
(Equivalent to 1.2 hours of active charging per day in a 30 day month)

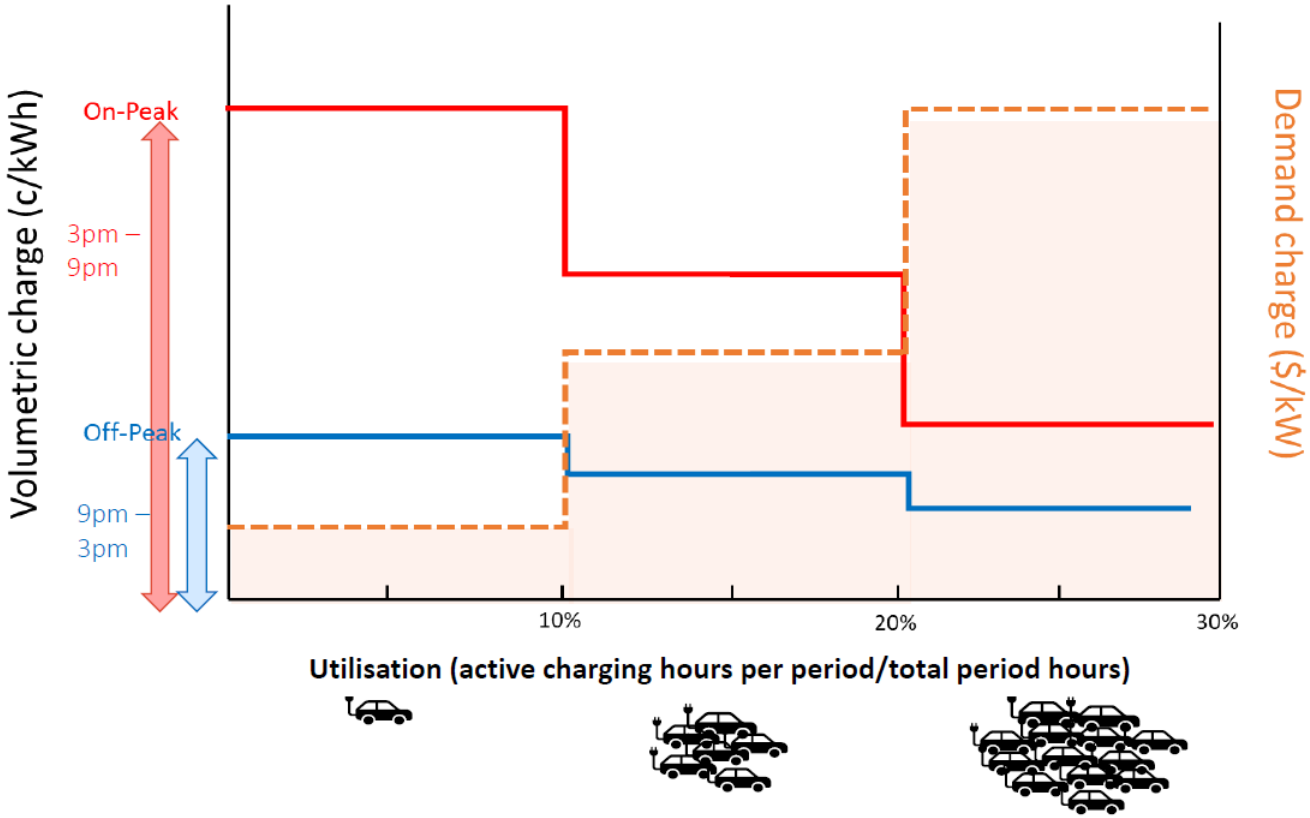


Utilisation of 30%
(Equivalent to 7.2 hours of active charging per day in a 30 day month)



Dedicated Electric Vehicle Services

Visual representation of proposed tariff structure:



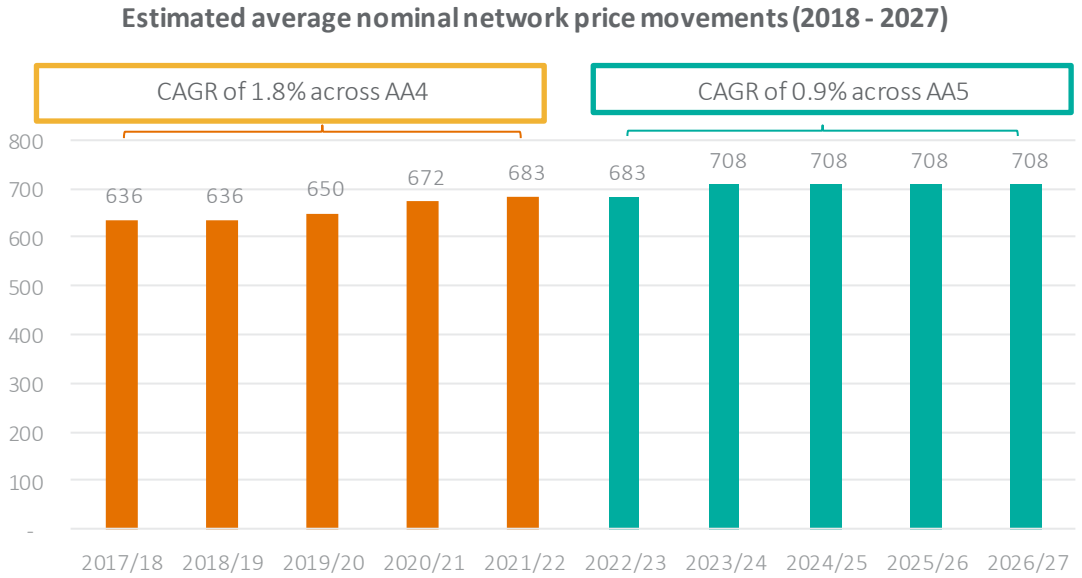
Indicative Network Prices for 2023/24

Supplementary Information published:	Highlights:
2023/24 indicative prices developed on the basis of the following inputs: • Revenue for the AA5 period as per initial proposal • Energy and customer number forecasts for the AA5 period as per initial proposal (Energy and Customer Number Forecast (2020))	• No change to average tariff outcomes as included in initial proposal • Rebalancing of the fixed and variable component of tariffs in line with initial proposal to transition towards cost-reflective tariffs - an increase in the fixed component partially offset by decreases in the variable component. • Through our tariff structure statement engagement, it was clear that customers supported a move towards more cost-reflective tariffs but that any transition pathway should be gradual • Rebalancing is significantly lower than the rebalancing required to achieve cost-reflective tariffs and considers the impact on an average customer's bill

Reminder | AA5 Submission

- Decrease in real prices over the AA5 period, however, customer impact is felt through nominal prices
- Final prices are subject to the ERA final decision

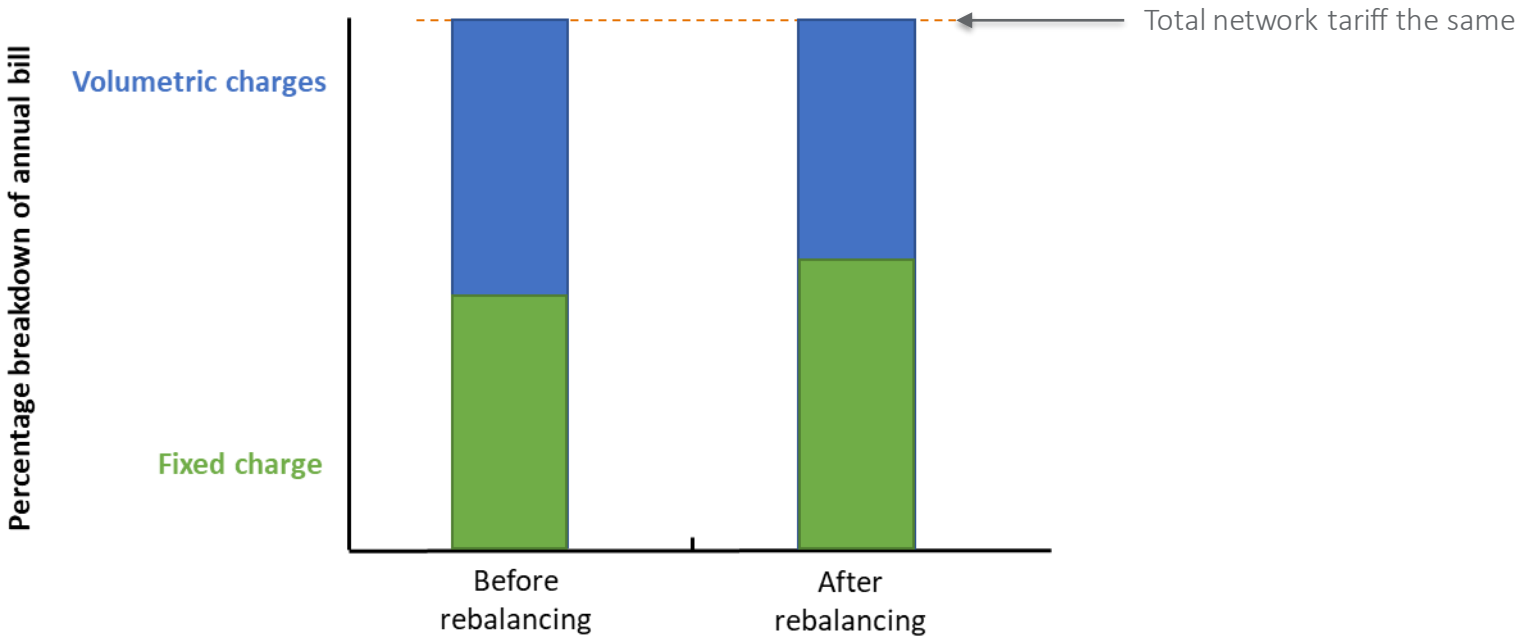
Compound annual growth rate (CAGR):
- AA4: 1.8%
- AA5: 0.9%
- 10-year: 1.2%



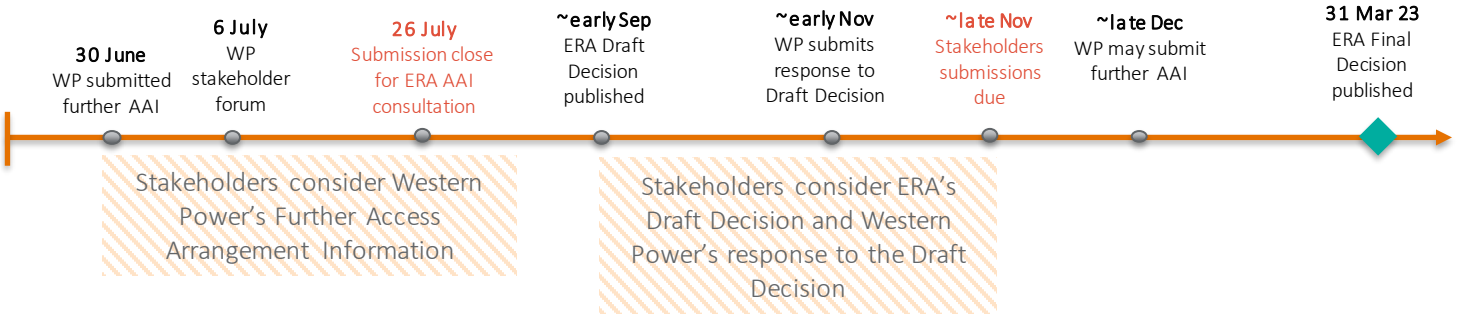
Notes:
[1] Illustrative average network component of residential bill $683, exc. TEC

Tariffs | Fixed and variable rebalancing

Conceptual effect of rebalancing on network component of average bill:



Opportunities for further engagement



- The ERA seeking submissions on Western Power's Further Access Arrangement Information. Submissions due to the ERA by 4pm (WST) Tuesday, 26 July
- Western Power also available to discuss any feedback you have – email aa5@westernpower.com.au
- Stakeholders will have a further opportunity to provide a submission following the release of the ERA's draft decision and Western Power's response to the draft decision

Questions?

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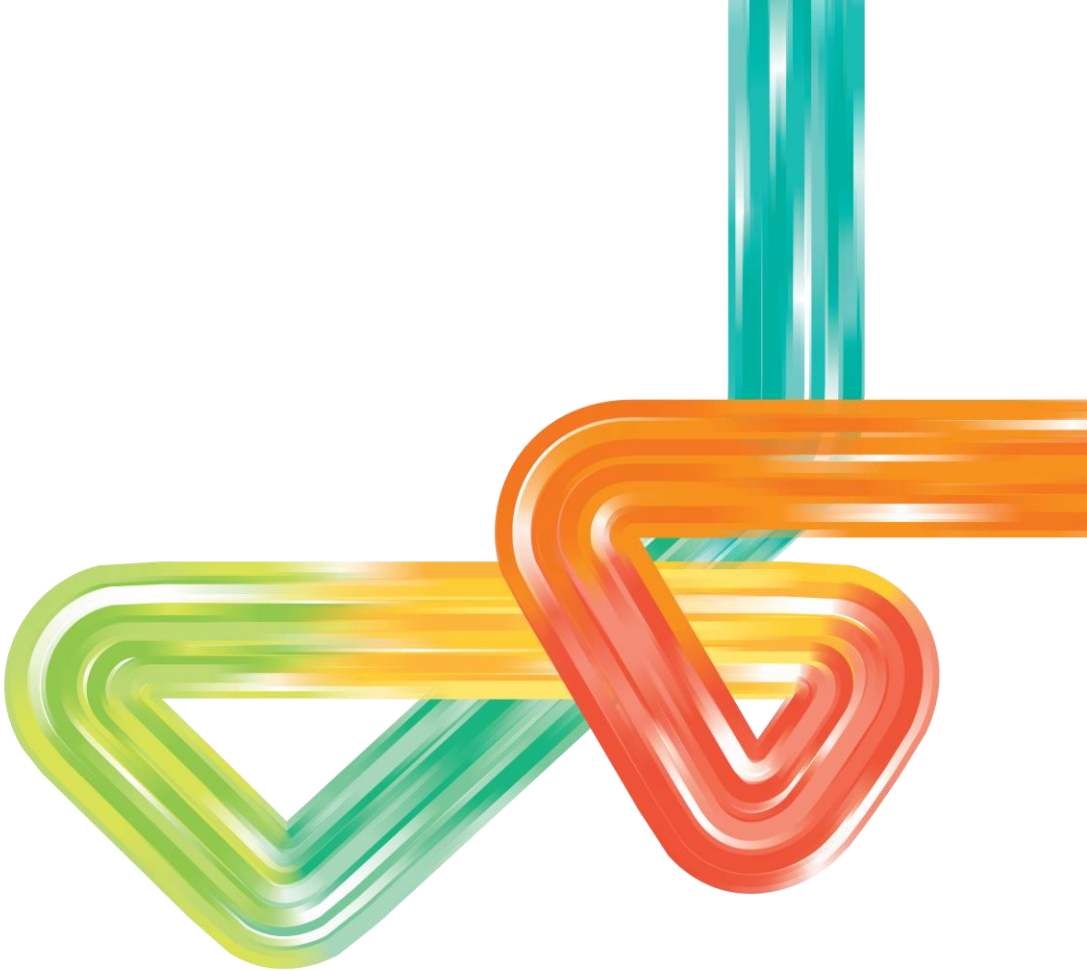

Erratum – mapping of reference tariff numbers

Reference Service	Additional TSS information (30 June 2022 and indicative price list)	Maps to Initial TSS Technical Summary (1 February 2022)
Site Visit to Support Remote Re-energise Service	Omitted	RT31
Manual De-energise Service	Omitted	RT32
Manual Re-energise Service	Omitted	RT33
Super Off-peak Energy (Residential) Exit Service	RT31	RT34
Super Off-peak Energy (Business) Exit Service	RT32	RT35
Super Off-peak Energy (Residential) Bi-directional Service	RT31	RT36
Super Off-peak Energy (Business) Bi-directional Service	RT32	RT37
Low Voltage Distribution Storage Service	RT34	RT38
High Voltage Distribution Storage Service	RT35	RT39
Low Voltage Electric Vehicle Charging Service	RT36	RT40
High Voltage Electric Vehicle Charging Service	RT37	RT41
Super Off-peak Demand (Business) Bi-directional Service	RT33	RT42 (new)