Submission to the Economic Regulation Authority

Western Power Access Arrangement No.5:

Additional Information – Tariff Structures and Reference Services 1 July 2022

26 July 2022

Introduction

Synergy is Western Australia's largest electricity retailer and the largest user of Western Power's (**WP**) network and associated services. Synergy's retail and generation electricity transfer access contracts (**ETAC**) with WP collectively involve more than one million connection points. Synergy pays WP more than $1.3 billion annually for transport and metering services under its existing ETACs. Synergy accounts for approximately 50% of the demand for contestable reference services and 100% of demand for franchise covered services. Synergy considers, during the AA5 period, it is likely to be providing electric vehicle charging (**EV**) and storage services to a significant number of customers and a substantial portion of the market in the SWIS.

WP's proposed revisions to the fifth access arrangement (**AA5**) was published on 1 February 2022 and proposes to modify some existing (AA4) reference services and to introduce several new ones.

The Economic Regulation Authority (**ERA**) on 1 July 2022 published additional information on WP's tariff structures and references services including:

- New tariff structures for high and low voltage EV charging services
- New tariff structures for high and low voltage storage services
- New (multi part, time of use, business) demand based reference service and tariff
- Information on fixed/variable charge rebalancing
- 2023/2024 – Indicative prices, customer numbers, revenue recovery and customer impacts

Synergy's comments on the additional information (in the form of this submission) consists of:

1. Assessing and providing an update against the matters raised in Synergy's Reference Service, Tariff Structure Statement and Price Control submissions dated 20 April 2022, and recommending the key issues the ERA needs to address.
2. Assessing the new additional information and proposals provided by WP and recommending the key issues the ERA needs to address.

This information is presented below in a tabular form and includes a summary of the matters raised in Synergy's earlier submissions dated 20 April 2022 and an assessment as to whether WP's additional information has addressed Synergy's previously raised issues, specifically Synergy's reference service requests[1].

Synergy considers there are four key issues that need to be addressed in relation to new matters published in the additional information:

1. The 2023/2024 indicative prices are based on an outdated 2020 energy demand and customer number forecast which underestimates demand resulting in the indicative 2023/2024 variable tariffs being higher than they should be. The 2023/2024 indicative prices should be revised to reflect a more current energy demand and customer number forecast. Synergy understands from discussions with WP that it will publish a revised demand forecast and updated indicative prices after the ERA has published its draft decision.

2. Based on Synergy's analysis and given the impact on customers, uncertainty and validity of the 2020 demand forecasts and the cost signals the AA5 indicative prices appear to be giving, Synergy considers it cannot make a decision on the withdrawal (transition) of existing (AA4) time of use reference services until the AA5 indicative prices have been updated to reflect a more current demand forecast.

3. Synergy is unlikely to use the distribution storage reference service if the proposed tariff structure remains in its current form. Synergy considers if certain changes are made to the

[1] Synergy is a significant network user. Synergy considers that each of its reference service requests meets the requirements for specification as a reference service consistent with ENAC section 5.2(b)(i) and (ii).

proposed tariff structure (as detailed in this submission) it would be a useful additional reference service tariff for users and customers to choose. However, it should not be the only reference tariff structure applicable to distribution storage services.

4. Synergy is unlikely to use the electric vehicle charging reference service if the proposed tariff structure remains in its current form. Synergy considers if certain changes are made to the proposed tariff structure (as detailed in this submission) it would be a useful additional reference service tariff for users to choose. However, it should not be the only tariff structure applicable to commercial electric vehicle charging.

To assist the ERA's consideration of Synergy's additional information submission, Synergy has adopted a 'traffic light' approach to identify:

Meet Synergy's needs i.e. where the additional information has addressed Synergy's previously advised concerns and service requirements.

Partially meet Synergy's needs i.e. where the additional information has partially addressed Synergy's previously advised concerns and service requirements.

Does not meet Synergy's needs i.e. where the additional information has not addressed Synergy's previously advised concerns and service requirements.

Reference service submission[2]

Item	WP's existing & proposed reference services	Meets Synergy / customer needs	Rationale outlined in Synergy's submission to the ERA	Submission reference	Synergy response to WP AA5 Additional Information – Tariff Structures and Reference Services (AI)	
1	B1 - Distribution Entry Service B2 - Transmission Entry Service D2 - Capacity Allocation Swap (Nominator) (Business) Service	✗	Synergy considers the requirement to comply with the WEM Rules as an eligibility criterion is inconsistent with ENAC requirements, is potentially unnecessary, creates duplication and regulatory uncertainty.	6.1	✓	Synergy and WP engaged on this matter. WP has undertaken to remove the words "the WEM Rules" from the B1, B2 and D2 eligibility criteria. Synergy considers this matter resolved pending publication of WP's revised access arrangement reflecting this amendment.
2	D2 Capacity Allocation Service	✗	Synergy requires a service that meets the F&A and its requirements, as specified in Appendix B.	6.2 & Appendix B	✗	This issus has not been addressed by the AI. Synergy and WP continue to engage on this matter. WP had proposed to develop and present to Synergy an alternative D2 reference service structure that it considers would better meet Synergy's service requirements. As at the date of this submission Synergy has yet to receive WP's proposal. Consequently, Synergy maintains its reference service request and requirements in accordance with ENAC section 5.2.
3	A2/C2 Anytime Energy (Business) Service	✗	WP's proposed eligibility criteria will limit customer's from using this service in situations where their sites are temporarily vacant or are in care and maintenance. Synergy and WP continue to engage on this matter.	6.3	✓	Synergy and WP engaged on this matter. Synergy and WP have agreed to the following eligibility criteria: **A2** "…it is a high voltage (6.6kV or higher) *connection point* and WP determines, as a *reasonable and prudent person*, that the *user's* forecast maximum

[2] Microsoft Word - Final Synergy submission reference services 20-04-22 (erawa.com.au)

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						demand at the *exit point* is less than 1500 kVA; and…" **C2** "…it is a high voltage (6.6kV or higher) *connection point* and WP determines, as a *reasonable and prudent person*, that the *user's* forecast maximum demand at the *bi-directional point* is less than 1500 kVA; and…" Synergy considers this matter resolved pending publication of WP's revised access arrangement reflecting this amendment.
4	A12/C9 3 Part Time of Use Energy (Residential) Exit Service A13/C10 3 Part Time of Use Energy (Business) Exit Service A14/C11 3 Part Time of Use Demand (Residential) Exit Service A15/C12 3 Part Time of Use Demand (Business) Exit Service A16/C13 Multi Part Time of Use Energy (Residential) Exit Service	✗	There is a limited transparency of the proposed reference service pricing and multipliers (price differentiation) in the tariff structure statement (**TSS**). (Refer Synergy's separate submission on the TSS.) Synergy does not support the withdrawal of existing (AA4) time of use reference services without prior visibility on the following three matters in the proposed TSS: • Inclusion of proposed prices • Annual forecast price changes	6.4.1	✗	Synergy in its reference service submissions to the ERA indicated it does not support the withdrawal (transition) of existing residential and business (AA4) time of use reference services without prior visibility of proposed pricing for new and existing reference services. Although the AI includes indicative pricing for 2023/2024, these prices are based on WP's 2020 energy and customer forecast number report. Synergy in its TSS submission (section 6.1), expressed concerns in relation to what Synergy considers to be outdated information being used in WP's 2020 energy and customer forecast number report. Synergy's more current demand forecast (2022) relating to its 1 million plus customer base indicates a higher demand over the AA5 period. Synergy, based on its demand forecast, analysis and modelling, considers the WP's 2020 energy and customer forecast number report underestimates demand resulting in the indicative 2023/2024 variable tariffs being higher than they should be.

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	A17/C14 Multi Part Time of Use Energy (Business) Exit Service		• Price differentiation (i.e., clarity on pricing band multipliers). Synergy and WP continue to engage on this matter.			Synergy's analysis also indicates the super off peak tariffs (RT34 to RT37), as a whole, to be a more expensive option than some of the existing (AA4) time-of-use tariffs which means customers are likely to be worse off if they transition away from the (AA4) time-of-use tariffs. Consequently, RT34 pricing does not incentivise users/customers to transition to the new super off peak tariffs and Synergy cannot agree to transition customers to network tariffs when they are worse off relative to existing AA4 time of use pricing. For example, Synergy's analysis of the super off peak business tariff RT37 indicates on average customers will be paying approximately 40% more on RT37 than they would on RT18. This difference is also partly due to the absence of discounted pricing for weekends and public holidays resulting in a higher weekend cost for business customers using the RT37 super off peak tariff which is not rational given a large number of businesses do not operate on the weekends. Conversely this significantly impacts businesses which operate during the weekends or have 19% or more of their weekly consumption during the weekends. Therefore, these higher weekend costs are another reason why RT37 will disadvantage a significant number of new business customers if users are not permitted to choose RT18. Given the impact on customers, uncertainty and validity of the 2020 demand forecasts and the cost signals the 2023/2024 indicative prices appear to be giving, Synergy considers that it cannot support a decision on the withdrawal (transition) of existing (AA4) time of use reference services until all indicative prices have been updated to reflect a more realistic demand forecast.

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						Synergy understands from discussions with WP that it will publish a revised demand forecast and updated indicative prices after the ERA has published its draft decision.
5	C18 - Low Voltage Distribution Storage Service C19 - High Voltage Distribution Storage Service C20 – Transmission Storage Service C21 - Low Voltage Electric Vehicle Charging Service C22 - High Voltage Electric Vehicle Charging Service		Synergy's concerns relate to the "sole use" eligibility criteria and a lack of (peak) metered demand and contract maximum demand pricing structures applicable to low and high voltage connected storage and electric vehicle charging references services. Synergy and WP continue to engage on this matter. In addition, for the low voltage storage and electric vehicle charging services WP has not permitted the use of inverter systems rated up to a total of 3 MVA for single or three-phase connections.	6.5-6.9	 	Synergy and WP engaged on this matter and reached agreement on the following eligibility criteria: <u>For C18, C19 and C20:</u> "The *connection point* will use *storage works* for the primary purpose of a *storage activity* and may also be used for other purposes ancillary to a *storage activity*" <u>For C21 and C22:</u> "The *connection point* will be used for the primary purpose of charging electric vehicles and may also be used for other purposes ancillary to the charging of electric vehicles" Synergy considers this specific matter resolved pending publication of WP's revised access arrangement reflecting this amendment. Although Synergy and WP have continued to engage on this matter WP has yet to respond to Synergy's requirement for electric vehicle (and storage) reference services to support inverters up to 3MVA. Consistent with ENAC section 5.2 Synergy maintains its reference service request on this matter.
6	C18 - Low Voltage Distribution Storage Service C19 - High Voltage Distribution Storage Service	NA	NA	NA		The AI proposes two new reference tariffs in relation to: 1. Distribution storage 2. Electric vehicle charging Although WP presented the two reference services to Synergy prior to lodging it's AI with the ERA, Synergy was not engaged in

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	C20 – Transmission Storage Service C21 - Low Voltage Electric Vehicle Charging Service C22 - High Voltage Electric Vehicle Charging Service					its design or Synergy's reference service requirements sought before the new proposals were presented to Synergy. Further Synergy understands WP does not seek to provide the storage reference services that were previously agreed between WP and Synergy and communicated to the ERA in May 2022. **Distribution Storage Services** The AI proposes new reference tariff structures for: • C18 - Low Voltage Distribution Storage Service (RT38) • C19 - High Voltage Distribution Storage Service (RT39) Synergy considers it will be the largest user in relation to the provision storage services to a significant number of customers and a substantial portion of the market in terms of storage retail products and services. Synergy does not support WP's proposed tariff structure in its current form as it does not meet Synergy's reference service requirements consistent with ENAC section 5.2. In addition, Synergy does not consider the proposed tariff structure will incentivise users to invest in storage infrastructure. Synergy considers a key issue with the tariff is that it penalises users for exporting into the grid at times of low network utilisation but does not reward users for exporting at periods of high utilisation. In contrast, Synergy notes Ausgrid's two way tariff trial in the NEM pays customers to export electricity at peak times and charges customers to export at low load times as follows:

						Ausgrid Storage Tariff Trial Consumption charge ~ Peak 25c/kWh 2:30pm to 8pm ~ Off Peak 4c/kWh (all other times) Discharge (Export) charge and payments ~ Peak 4c/kWh 10:30am to 3pm ~ Off Peak 0c/kWh (all other times) ~ **Pay users** 25c/kWh 3pm – 8pm Synergy considers WP's proposed approach is inconsistent with ENAC sections 2.1(a) and 7.3G(a). Consequently, Synergy is unlikely to use this service and tariff to support retails products or system reliability initiatives the WEM in its current form. In addition, Synergy considers it would still need to substantially rely on the existing business time-of-use services to address these needs and accordingly does not support the transitioning (grandfathering) of business time-of-use services. In contrast Ausgrid's approach is more equitable because it rewards users to export into the network during periods of peak network utilisation. Synergy does not support WP's proposed tariff structure being the only tariff that is available to users to use the distribution storage reference services. However, Synergy considers it could be an additional, niche, alternative tariff structure provided the export charge is removed or WP pays users for exporting during periods of high network utilisation. In addition, Synergy requires consistent with ENAC section 5.2 the distribution storage services and tariff structures it has requested WP to provide within section 6.5-6.9 of its reference services submission. **Transmission Storage Services** Synergy notes WP did not include any indicative tariffs in the AI for the C20 (TRT3) transmission storage service. However, WP has requested feedback whether the new proposed distribution

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						storage tariff structures should apply to the C20 (TRT3) transmission storage service. For the reasons outlined above Synergy does not support WP's proposed tariff structure being the only tariff that is available to users in order to use the transmission storage reference services. However, Synergy considers it could be an additional, niche, alternative tariff structure provided the export charge is removed or WP pays users for exporting during periods of high network utilisation. In addition, Synergy requires consistent with ENAC section 5.2 the transmission storage service and tariff structures it has requested WP to provide within section 6.5-6.9 of its reference services submission. **Distribution Electric Vehicle (EV Charging Services)** The AI proposes new reference tariff structures for: • C21 - Low Voltage Electric Vehicle Charging Service (RT40) • C22 - High Voltage Electric Vehicle Charging Service (RT41) Synergy understands from the AI proposal that these new tariffs will be the only tariff structure that will apply to the C21 and C22 service. Synergy understands WP's proposed tariff structure was developed using data from New South Wales and does not reflect the requirements, work and analysis Synergy has undertaken in this area in relation to deploying EV charging facilities, retail products and services within the SWIS. Synergy considers it will be the largest user in relation to the provision EV charging services to

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						a significant number of customers and a substantial portion of the market during AA5. Synergy supports the innovative approach taken by WP. However, Synergy's analysis indicates that in its current form Synergy would not use this network tariff for EV charging retail services because: • The demand charge structure significantly disadvantages fast charging services (high kilowatt superchargers); and • The metering intervals used to calculate the utilisation factor further disadvantages the use of fast chargers. Synergy considers that unless these elements are changed users would not be incentivised to use this tariff for EV charging services. Synergy is more likely to use RT18 and the new RT35 for EV charging services. The demand charge, which acts as a fixed charge across the billing period, is overly punitive towards high kW superchargers. It puts the retailer at a higher cost risk compared to RT18., which has a higher variable charge which aligns with how customers would pay for charging. In addition, the utilisation factors 3kW threshold is far too low meaning that the if a super charger is attached to a business premises (such as a petrol station), it would naturally result in a much higher utilisation factor resulting in higher network costs. Further the network tariff design is complex. It would be not feasible for retailers to develop a retail tariff that mirrors the network tariff as customers simply would not be able understand a retail tariff of such complexity. Synergy considers it will not be using the EV infrastructure charging network tariff, in its current form, as it discourages the use of fast charging infrastructure, and appears to be inconsistent

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						with the State government's approach in encouraging investment in EV charging technology in Western Australia. Synergy acknowledges WP's innovative approach to its proposed EV network tariff, but Synergy considers this to be a trial tariff that is more suited to being market tested as a non-reference service and not an AA5 mass market reference service. Synergy is firmly of the view that the proposed EV tariff is not consistent with its requirements under ENAC section 5.2 without substantial modification. Accordingly, Synergy maintains its request for a CMD and (peak) metered demand tariff structure for the C21 and C22 reference services as specified within sections 6.5-6.9 of its reference services submission dated 20 April 2022. In addition, it is important to distinguish that Synergy's request for a (peak) metered demand tariff structure is not the same as the current metered demand tariff structure provided under RT5 and RT6. Synergy considers WP's proposed RT40 and RT41 could be a viable additional AA5 EV charging reference service option if modified as follows: 1. The 3kW threshold is increased to 7.5kW which is required to distinguish a car being charge from consumptions related to a small business; and 2. Calculation of the utilisation factor only includes metering intervals from 3pm to 9pm period of highest network utilisation (all non-peak intervals are excluded) to send clear and consistent price signals around avoidance of superfast charging in peak; and 3. The demand charge is reduced and offset by higher variable (c/kWh) charges, which users can recover from

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						customers and send price signals to encourage use at particular times of the day In addition, Synergy does not support WP's proposed tariff structure being the only tariff that is available to users to use the C21 and C22 reference service.
7	B3 – Entry service facilitating a distributed generation or other non-network solution C15 – Bi-directional services facilitating a distributed generation or other non-network solution		There are substantial issues associated with Synergy's being able to utilise these services. Synergy has not been able to utilise these services in AA4 as contemplated under the ENAC sections 7.9 and 7.10.	6.10		The AI has not addressed this matter. Synergy and WP has engaged on this matter and advised the ERA on 19 May 2022 of an intent to finalise a process and service design to address Synergy's requirements and concerns raised in Synergy's reference service and Applications and Queuing Policy (**AQP**) submissions to the ERA by 31 July 2022. WP has proposed to make changes to the AQP to provide a clearer process, benefit calculation and timeframes for network users to apply for and receive the B3 and C15 reference services. Given this work, Synergy and Western Power agreed to consider the B3 and C15 reference service design in parallel with the proposed AQP changes with a conclusion of an agreed reference service design by 31 July 2022 and a transfer application form with information a user was required to provide by 30 September 2022. WP presented an overview of its proposed process changes to Synergy on 16 June 2022. Synergy has provided WP initial feedback on its proposed changes seeking confirmation WP's proposal will meet Synergy's reference service and AQP requirements. Synergy and WP have been discussing a transfer application process that consists of two stages following the submission of a transfer application:

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						• Stage 1 – WP provides the user with additional information in relation assessing the likely reduction in the network capital and operating expenditure. • Stage 2 – WP calculates the reduction in the network capital and operating expenditure including the discount to be provided to the user. As Synergy has yet to receive WP's proposed AQP and B3 and C15 reference service amendments, Synergy's reference service request and requirements, under clause 5.3 of the ENAC, as outlined in its reference service submission dated 20 April 2022 to the ERA remains.
8	D6 – Remote Load / Inverter Control Service		The proposed D6 reference service lacks adequate service definition in terms of what the reference service can be utilised. Synergy and WP continue to engage on this matter.	6.11		Synergy and WP engaged on this matter and agreed to the following revised service description as follows: [A service]… to send a command to an *activated device* for the variable or binary control of a load or inverter at a *connection point* from a remote locality. The service does not include any site visits by Western Power. and, adding the following to the eligibility criteria: The *activated device* has capability enabled for the variable or binary control of electricity transferred through the *connection point*. In addition, Synergy understands WP has agreed to amend the applicable service standard benchmark to 30 minutes for each service request (not aggregated), in line with Synergy's reference service request and submission (Synergy 20 April 2022, Reference Services, Appendix D, Page 38).

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						Synergy considers this matter resolved pending publication of WP's revised access arrangement reflecting this amendment.
9	D1 - Supply Abolishment Service D6 - Remote Load / Inverter Control Service D8 - Remote De-energise Service D9 - Remote Re-energise Service D11 – Site Visit to Support Remote Re-energise Service D12 – Manual De-energise Service D13 – Manual Re-energise Service		Synergy's concern relates to the proposed service standards being inconsistent with the Code of Conduct. The proposed service does not provide user certainty in relation to service delivery timeframes.	6.12-6.13		Synergy has discussed its requirements with WP. However, WP does not support Synergy's service standard requirements. Therefore, Synergy's reference service request and requirements, outlined in its submission to the ERA, are still current. On 19 May 2022, Synergy and WP proposed to the ERA that the issue is resolved through an ERA determination.
10	Metering data reference services		The proposed changes to the metering reference service do not allow users to choose between 5 minute and 30 minute interval data services.	6.14		Synergy and WP engaged on this matter and provided a revised proposal and drafting to the ERA on 19 May 2022. Synergy understands that WP has agreed to add the following information to Appendix Esection E.1.3 Eligibility Criteria for Reference Service (metering): Following *weekly settlement commencement*, if capability is enabled for the provision of *five-minute interval energy data* for a connection point, for a meter that is not a *5MS meter*, the user may request the provision of either *30-minute interval energy*

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						data or *five-minute interval energy data*, for reference services (metering) that include the provision of *interval energy data*. In addition, add the following new definitions in Appendix E: "5MS meter" has the meaning given to it in the Metering Code." "30-minute interval energy data" has the meaning given to it in the Metering Code." "five-minute interval energy data" has the meaning given to it in the Metering Code." "weekly settlement commencement" has the meaning given to it in the Metering Code." Synergy considers this issue resolved pending publication of WP's revised access arrangement reflecting this amendment.

Tariff Structure Services submission[3]

Item	Area	Meets Synergy / customer needs	Rationale	Submission reference	Synergy response to WP AA5 Additional Information – Tariff Structures and Reference Services (AI)	
11	Allocating efficient costs to reference services	✗	The TSS lacks the more detailed cost allocation and supporting information the ENAC requires WP to include in its TSS to enable users to verify that reference tariffs comply with the pricing principles in a manner that will contribute to the achievement of the pricing objective, including that those tariffs are appropriately cost reflective. In addition, WP has not provided proposed tariffs or any specific information or methods about how it will determine those tariffs. Therefore, WP has not demonstrated that the resulting tariffs will comply with the pricing principles in a manner that will contribute to the achievement of the pricing objective, including that those tariffs are appropriately cost reflective. Synergy considers	6.1	✗	The AI has not addressed this matter. Synergy in its TSS submission, section 6.1, to the ERA highlighted that the WP's capacity, volume and customer number forecasts appears to be based on 2020 estimates and is considerably out of date. In addition, Synergy recommended the ERA, under ENAC section 4.8, require WP to provide and publish current and realistic forecast information and should not approve the TSS unless WP uses more up to date forecast information in determining the charges and price paths that apply to the reference tariffs. The use of inaccurate forecasts that underestimates AA5 demand will have material cost implications to end use customers. (Refer to Synergy's comments earlier in this submission in relation to residential and business reference tariff grandfathering.) These energy and customer number forecasts also affect the 2023/2024 indicative prices, cost allocations under ENAC chapter 7 and key decisions the ERA, users and customers need to make. For example, in relation to the withdrawal (transition) of existing (AA4) time of use reference services. In addition, it is important to note Table B.2 in the published additional information shows that residential and low voltage business customers will be paying:

[3] Microsoft Word - Final - Synergy submission TSS 20-04-22 (erawa.com.au)

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			this is contrary to ENAC and F&A requirements. Further, WP has not accommodated Synergy's request for the TSS to include indicative tariffs for all reference services, including the existing and new network and metering services (and in some cases tariff price paths), nor has it explained why it has not done this. This is inconsistent with the requirements in ENAC sections 7.1A(c) and 4.3(b)(ii) and the pricing principle in clause 7.3I.			• 75% of the estimated 2023/2024 target revenue; and • 64% of the estimated 2023/2024 transmission revenue Therefore, in order to ensure residential and small business customers do not unfairly carry a higher share of the network costs it is also important to ensure the energy and customer number forecasts are valid and up to date. Synergy understands from discussions with WP that it will publish a revised demand forecast and updated indicative prices after the ERA has published its draft decision.
12	Allocation of transmission costs to distribution reference services		WP considers the ENAC permits a certain level of transmission costs not related to the provision of distribution reference services to be allocated to distribution reference tariffs. Synergy considers this approach and pricing method is inconsistent with the ENAC, particularly the Code objective, pricing objective, pricing principles	6.2		The AI has not addressed this matter. Synergy has discussed its requirements with WP. However, WP does not support Synergy's proposed approach to not allocating transmission costs to distribution reference services. Therefore, consistent with ENAC section 5.2, Synergy's reference service request and requirements, outlined in its reference service and tariff structure submissions to the ERA, are still current. On 19 May 2022, Synergy and WP proposed to the ERA that the matter is resolved through an ERA determination.

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			and the requirements set out in the F&A. Further, WP has not accommodated Synergy's reference service request for distribution network tariffs to exclude transmission charges where transmission costs are not incurred in the provision of distribution services, nor has it explained why the TSS does not specify this requirement. This is inconsistent with the requirement in ENAC section 4.3(b)(ii) and the pricing principles (e.g. see ENAC sections 7.3F, 7.3G, 7.3H and 7.3I).			
13	Lack of proposed tariffs		The level of information contained in the TSS overall is of a lower standard compared to WP's price list information currently submitted annually to the ERA. Synergy considers this was not intent of the ENAC Chapter 7 amendments. Prior to submitting its access arrangement revision	6.3		The AI has not addressed this matter. Refer to Synergy comments above relating to the appropriateness of WP's 2020 demand forecasts: • Reference service submission, refer item 4 above. • TSS submission, refer item 11 above. Synergy recommends the ERA require the indicative prices to be updated to reflect a more current demand forecast. Synergy understands WP will be publishing a revised demand forecast and

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			proposal to the ERA, WP did not seek to negotiate and finalise pricing with Synergy. Synergy considers WP's failure to seek to finalise such pricing and the lack of proposed tariffs is a major departure from several requirements under the ENAC and the F&A, including the consultation approach required to comply with the F&A and the requirement in ENAC section 4.1A.			updated indicative prices after the ERA has published its draft decision.
14	Cost reflective proposed tariffs for meter data services		Synergy understands some current metering reference service tariffs are not cost reflective. WP advised Synergy that proposed tariffs for AA5 will include two separate tariffs for metering reference services – one for when the service is provided by radio mesh communications and one for (the relatively rare occasion) when the service is provided by cellular communications. WP has not accommodated Synergy's	6.4		The AI has not addressed this matter.

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			request for radio mesh communications and cellular communications to be separately priced in the TSS so that they are cost reflective, nor has it explained why the TSS does not specify this requirement. This is inconsistent with the requirement in ENAC sections 4.2 and 4.3(b)(ii) and the pricing principles (e.g. see ENAC sections 7.3E, 7.3F, 7.3G, and 7.3I). Synergy understands WP's current position (April 2022) is that it intends to propose two separate cost reflective metering reference service tariffs - one for radio mesh and one for cellular.			
15	Reference tariff change forecast and price path		The publication of the weighted average annual price change for only some reference tariffs is inconsistent with the ENAC requirements to publish a reference tariff change	6.5		The AI has not addressed this matter. Refer also to Synergy comments above: • Reference service submission, refer item 4 above. • TSS submission, refer item 11 above.

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			forecast. WP has not accommodated Synergy's request for the TSS to include the following information in its change forecast: • separate fixed and variable price paths • new reference service tariffs and change forecasts • metering reference service tariffs and change forecasts. WP has not explained why the TSS does not include this information. This is inconsistent with the requirements in ENAC sections 4.2, 4.3(b)(ii), 7.1A and 7.1D as well as the pricing principles (e.g. see ENAC sections 7.3E, 7.3F, 7.3G, and 7.3I).			Synergy recommends the ERA require the indicative prices to be updated to reflect a more current demand forecast.
16	Time of use price differentiation		The TSS proposes that the method of calculating price differentiation will be at WP's discretion. This is inconsistent with a number of ENAC requirements and the F&A. For example, the F&A requires	6.6	 	The AI has not addressed this matter. Synergy considers the multipliers (for the super off peak tariffs RT34 to RT37), as determined from the indicative 2023/2024 prices, are acceptable. In addition, Synergy also considers, for RT34 to RT37, the fixed charge and super off peak charges appears

Item	Area	Meets Synergy / customer needs	Rationale	Submission reference	Synergy response to WP AA5 Additional Information – Tariff Structures and Reference Services (AI)	
			WP to address time of use price differentiation in its tariff structure statement because the current prices provide little differentiation between time periods. Further, WP has not accommodated Synergy's request for the TSS to address price differentiation, nor has it explained or included the price differentiation methods and requirements in the TSS. This is inconsistent with the requirements in ENAC sections 4.2, 4.3(b)(ii), 7.1A and 7.1D as well as the pricing principles (e.g. see ENAC sections 7.3E, 7.3F, 7.3G, and 7.3I).			to be acceptable and within the range of Synergy's internal analysis and modelling. However, Synergy's analysis indicates these tariffs, overall, are more expensive than existing time-of-use tariffs. Therefore, revised indicative prices, based on current demand forecasts, are required before a decision can be made on withdrawing (transitioning) existing time-of-use tariffs for new applicants. Synergy understands from discussions with WP that it will publish a revised demand forecast and updated indicative prices after the ERA has published its draft decision.
17	Mechanism to reset metered demand reference tariffs	✗	Synergy requires the AA4 metered demand reset mechanism to be specified in AA5 and detailed in the TSS. The lack of such details in the TSS is inconsistent with the requirement in ENAC sections 4.2 and 7.1A and the pricing principles in sections 7.3F and 7.3I.	6.8	✗	The AI has not addressed this matter.

Item	Area	Meets Synergy / customer needs	Rationale	Submission reference	Synergy response to WP AA5 Additional Information – Tariff Structures and Reference Services (AI)	
18	Tariffs that will minimise network augmentation		The TSS does not contain any proposed tariffs. Therefore, it is difficult and impossible, for stakeholders to form a view whether the TSS complies with the requirement in the F&A to facilitate the connection of storage and electric vehicle charging stations and encourage demand patterns that will minimise the need for network augmentation, including the rebalancing of tariffs. In addition, WP has not accommodated Synergy new tariff structure requirements for storage and electric vehicle charging stations, nor does the TSS explain why the current proposed structure is appropriate and meets user requirements. This is inconsistent with the requirements in ENAC sections 4.2, 4.3(b)(ii) and 7.1A and the pricing principle in section 7.3E.	6.9		The AI has not addressed this matter. Synergy considers the proposed storage and EV charging tariff structure in the AI is unlikely to incentivise private investment in this infrastructure or minimise WP driven network augmentation in favour of private investment. Refer to Synergy comments above in relation to storage and EV charging tariffs - Reference service submission, section 6.5 – 6.9. Refer also to Synergy's comments above in relation to the 2023/2024 indicative tariffs: • Reference service submission, refer item 4 above. • TSS submission, refer item 11 and 16 above. Synergy recommends the ERA require the indicative prices to be updated to reflect a more current demand forecast. In addition, it is important to note Synergy's requirements in relation to the EV charging, storage, load/inverter control, discount and capacity allocation references services are also key to ensuring network augmentations are minimised (refer to items 2, 5, 6, 7 and 8 above). Synergy considers these services can materially contribute to reducing network augmentations providing they are structured to meet user requirements, have a simple and easy application and process and are priced to incentivise network use.

Item	Area	Meets Synergy / customer needs	Rationale	Submission reference	Synergy response to WP AA5 Additional Information – Tariff Structures and Reference Services (AI)	
19	Disincentive charges for exceeding contracted capacity		The TSS does not recognise that the disincentive charge is a component of a reference tariff that needs to be approved by the ERA under the access arrangement. Synergy requests the matter is also clarified in the TSS. The TSS also does not provide sufficient information about which reference service will include a disincentive charge component, how the charge will be calculated and levied on customers. This is inconsistent with the requirements in ENAC sections 4.2, 4.3(b)(ii) and 7.1A and the pricing principles in 7.3F and 7.3I. Synergy requests the matter be clarified in the TSS.	6.10		The AI has not addressed this matter.
20	Timeframe to implement reference tariffs		The TSS does not include timeframes for publishing proposed tariffs with sufficient detail so that users can implement the necessary operational and system	6.11		The AI has not addressed this matter.

Item	Area	Meets Synergy / customer needs	Rationale	Submission reference	Synergy response to WP AA5 Additional Information – Tariff Structures and Reference Services (AI)	
			changes in time for the commencement of AA5. Synergy requires at least 3 months to make system changes and notify customers of the reference service tariffs in the new AA5 price list.			
21	Super Off-peak Demand (Business) Bi-directional Service RT42	NA	New Business (demand) Exit Tariff	NA		WP has proposed to provide a new (demand) based exit tariff for low voltage distribution customers. Synergy understands the aim was to provide users with a new super off-peak time of use tariff with a demand component to further contribute to the range of network tariffs that signal efficient utilisation of the network during peak demand periods. Synergy considers RT42 could be a viable additional network option provided the service is bi-directional service and not unidirectional as proposed. Refer also to Synergy comments above (Reference service submission, section 6.4.1) in relation to on the withdrawal (transition) of existing (AA4) time of use reference services

Target Revenue and Price Control submission[4]

Items	Area	Meets Synergy / customer needs	Rationale	Submission reference	Synergy response to WP AA5 Additional Information – Tariff Structures and Reference Services (AI)	
22	Form of price control		• To comply with ENAC requirements, including the F&A, there should be no true-up of revenue in any year (WP must not pass demand risk on to users) • To ensure WP's access arrangement information is consistent with ENAC sections 4.2 and 4.3, particularly in combination with sections 7.3H and 7.3G, the ERA should determine the customer numbers, energy volumes and maximum kVA levels listed in Table 41 of WP's AA5 Proposed Revisions document (pp. 39 - 40) be listed by reference tariff rather than by customer segment • Removal of the side-constraint should be contingent upon WP demonstrating compliance with ENAC section 7.3H(c).	5.3.1 5.3.1 5.3.2		The AI has not addressed this matter.
23	Revenue modelling		• Synergy has only been able to undertake a preliminary assessment of WP's regulated revenue model, which has identified what appears to be an error in the treatment of disposals and redundant assets in the model • WP's method of allocating capex and contributions from regulatory category to asset class lacks transparency, which makes it difficult to assess the accuracy of the forecast - an inaccurate forecast could result in an inappropriate acceleration of the rate of depreciation • Synergy has concerns about the allocation of actual capex and contributions from regulatory category to asset class during the AA4 period. It appears the AA4 forecast allocation percentages rather than the actual percentages observed during the AA4 period have been applied in WP's	6.3		The AI has not addressed this matter.

[4] Synergy---Target-Revenue-and-Price-Control-Submission.pdf (erawa.com.au)

Items	Area	Meets Synergy / customer needs	Rationale	Submission reference	Synergy response to WP AA5 Additional Information – Tariff Structures and Reference Services (AI)	
			AA5 regulatory model. Synergy recommends the ERA consider whether this is consistent with the requirements of the ENAC, including sections 6.4(a)(i), 7.3G and 7.3H.			
24	RAB	✗	• Synergy considers WP's proposed approach of rolling forward the RAB to determine an opening capital base for AA5, and the approach for rolling forward the RAB during AA5, should be amended as follows to ensure it complies with the requirements of the ENAC, including those in sections 6.4(a)(i), 7.3G and 7.3H: – The RAB roll forward calculations should be conducted transparently at a nodal (e.g., zone substation) level, such that the sum of the nodal RAB values is equal to the sum of the total distribution and transmission network RAB values – The RAB roll forward calculation should not result in a capital base that exceeds the DORC of the assets. • Synergy considers that transparent locational/nodal allocation of the total transmission and distribution RABs: – Would support the Code objective by giving allowing compliance with the pricing principles in ENAC sections 7.3E, 7.3G and 7.3H – May give better visibility of the network assets providing covered services under ENAC section 6.4, including any redundant assets under ENAC section 6.61. • Synergy considers that applying a DORC valuation constraint to the method of rolling forward the RAB over access arrangements would:	7.3.1 7.3.2	✗	The AI has not addressed this matter.

Items	Area	Meets Synergy / customer needs	Rationale	Submission reference	Synergy response to WP AA5 Additional Information – Tariff Structures and Reference Services (AI)	
			– Reduce the inappropriate allocation of significant stranded asset risk to network users and consumers, which Synergy considers is contrary to the Code objective and the requirement in ENAC section 6.4(a)(i) – Prevent the roll forward method from resulting in a capital base that exceeds the depreciated cost of replacing existing assets with new technologies, which if not prevented, Synergy considers would fail to satisfy the Code objective of being in the long-term interests of consumers in relation to price and the efficient use of services – Help make visible, as required under ENAC sections 4.2 and 4.3, the impact of WP's proposed decarbonisation and modular grid strategy on the capital base and ensure the capital base is set at a level that is consistent with the Code objective, noting that the Code objective requires promoting efficient investment in the network.			
25	Return of capital (depreciation)	✗	• Synergy supports WP's proposed use of the annuity method of depreciation for advanced metering infrastructure (**AMI**) assets and for the recovery of deferred revenue • Synergy agrees with the Australian Energy Council's (**AEC**) submission to the ERA's F&A Issues Paper that the annuity method of depreciation should also be applied to all asset categories and vintages as this would better align with the Code objective when compared to the straight-line method of depreciation used in the past • Synergy's view is that WP's method of capex allocation has resulted in a reduction in the average economic life of the	9.3.1 9.3.2	✗	The AI has not addressed this matter.

Items	Area	Meets Synergy / customer needs	Rationale	Submission reference	Synergy response to WP AA5 Additional Information – Tariff Structures and Reference Services (AI)	
			proposed investment for the AA5 period when compared to that for AA4 increasing network costs • Synergy does not support reductions in the economic lives of WP assets merely due to a change in a taxation ruling that generalises the effective life of assets for taxation purposes if this results in an artificial acceleration of the rate of depreciation, as this would not be in the long term interests of consumers • Synergy has reviewed tax ruling TR 2021/3 and identified discrepancies between some of WP's proposed reduced 'economic lives' and the 'effective lives' given in the tax ruling for what Synergy views to be the equivalent asset category, with consequences that are detrimental to network users and customers • There appears to be an inconsistency in the application of the tax ruling whereby WP has reduced an asset life based on the tax ruling but has not increased an asset life consistent with the tax ruling.	9.3.3		
26	WACC	✗	• Synergy considers WP's proposed WACC methodology, which departs from the ERA's current regulatory approach to determining the allowed rate of return, is not appropriate for the following reasons: – Synergy considers the ten-year floating average cost of debt proposed by WP does not realistically represent an efficient debt management strategy, particularly given the current market conditions – Allowing WP to change the calculation approach in response to market conditions would provide WP with an incentive to propose the option that maximises its	10.3	✗	The AI has not addressed this matter.

Items	Area	Meets Synergy / customer needs	Rationale	Submission reference	Synergy response to WP AA5 Additional Information – Tariff Structures and Reference Services (AI)	
			allowed cost of debt for that point in the business cycle. The change would risk inflating target revenue above costs over the cycle and therefore would be inconsistent with the Code objective – Cost of debt calculated each year rather than for a 5-year period, means revenue targets will be subject to greater variability in each year of the access arrangement period, which is contrary to ENAC sections 6.4(b) and (c) – Moving from a five-year to ten-year bond rate as the basis for the rate of return estimate would risk being inconsistent with the present value principle – There are important economic efficiency arguments (price distortions leading to a misallocation of resources) for the ERA to maintain regulatory consistency between the rate of return estimation approaches applied to the natural gas and electricity infrastructure businesses.			
27	Opex	✗	• Synergy supports the use of a 'base-step-trend' approach to forecasting recurrent opex. Synergy recommends the ERA: – Obtain and publish benchmarking information to assess WP's opex proposal to enable compliance with ENAC sections 4.2 and 4.3 – Determine whether the lack of forecast opex allocated to the procurement of alternative options is consistent with a service provider efficiently minimising costs and is otherwise consistent with the ENAC requirements, including sections 6.4(a)(i) and 6.51	11.3.2 11.4.2 11.4.2	✗	The AI has not addressed this matter.

Items	Area	Meets Synergy / customer needs	Rationale	Submission reference	Synergy response to WP AA5 Additional Information – Tariff Structures and Reference Services (AI)	
			– Determine whether funding to develop new capabilities, systems and strategies such as DSO, digital substations, LIDAR programs, new data accessibility systems and additional response generators relate to the provision of covered services and if so whether these costs should be funded through recurrent revenue – Require WP to provide updated, efficient and statistically unbiased forecasts to support its opex proposal, which Synergy considers is required by ENAC sections 4.2, 4.3, 4.6(a)(i), 6.50, 6.51, 7.3G and 7.3H – Obtain clarity as to the extent to which some of WP's regulatory reform program costs are proposed to support wholesale electricity market (**WEM**) reforms rather than covered services and whether such costs are legitimately recovered via covered services – Consider whether, to comply with the ENAC, including the requirements of sections 6.4(a)(i) and (ii), WP's forecast of real labour cost increases should be set at a rate no greater than the assumed rate of productivity growth.	11.5.2 11.6.2 11.7.2		
28	Deferred revenue	?	• Synergy notes the statement made in the ERA's Issues Paper, that WP's proposal to treat deferred revenue as a balancing item introduces "… a risk that there would be both an acceleration of deferred revenue and increases in prices which would be inconsistent with the intent of the Access ENAC amendment." (p. 42) • Synergy recommends that the ERA assess whether applying a quantile forecast of the weighted average	12.2.1	?	The AI has not addressed this matter.

Items	Area	Meets Synergy / customer needs	Rationale	Submission reference	Synergy response to WP AA5 Additional Information – Tariff Structures and Reference Services (AI)	
			annual price with a conservative probability of exceedance would mitigate this risk.			
29	Forecasts of customer connections, energy and peak demand	✗	• The omission of important peak demand and out-dated customer numbers and energy forecasts from WP's AA5 proposal does not allow users to understand how WP has derived the elements of the proposed access arrangement and is contrary to sections 2.1, 4.2 and 4.3 of the ENAC • Therefore, the ERA should obtain and publish up to date WP customer connections, energy and peak demand forecasts prior to the ERA publishing its Draft Decision in September 2022. Synergy notes the actual historical observations of customer numbers by tariff reported for the years 2015, 2016 and 2017 in Attachment 7.3 of WP's AA4 proposal differ materially from the actual historical customer numbers for those same years reported in Attachment 7.5 of WP's AA5 proposal • WP forecasts that there will be zero national metering identifiers (**NMI**) allocated to the RT1 tariff by 2025. This assumption is incorrect • Synergy analysed the residential consumption per NMI data provided in Figure 4-6 of Attachment 7.5 of WP's AA5 proposal. Synergy found WP's residential consumption per NMI forecast to be well above its projected regression trend. Synergy recommends the ERA scrutinise WP's forecast • Transparent forecasting of the location of customer numbers, sales and peak demand is required to provide network users and the ERA with information regarding the average cost of service provision by location and WP with an opportunity to move towards a pricing regime that	13.4.1 13.4.3 13.4.2	✗	The AI has not addressed this matter. . Refer to Synergy comments above: • Reference service submission, refer item 4 above. • TSS submission, refer item 11 above. Synergy recommends the ERA require the indicative prices to be updated to reflect a more current demand forecast. Synergy understands WP will publish a revised demand forecast and updated indicative prices after the ERA has published its draft decision.

Items	Area	Meets Synergy / customer needs	Rationale	Submission reference	Synergy response to WP AA5 Additional Information – Tariff Structures and Reference Services (AI)	
			better signals the forward-looking efficient costs of providing reference services - Synergy recommends WP's most recent zone substation forecasting report should be provided as an attachment to the access arrangement and be published by the ERA for user review prior to the ERA's draft AA5 decision			
			• Synergy does not have clarity over the asset condition related forecasts that inform WP's replacement capex proposal. Synergy considers the omission of these important forecasts from WP's AA5 proposal does not allow users to understand how WP has derived the elements of the proposed access arrangement and is contrary to ENAC sections, 4.2 and 4.3 and inconsistent with the Code objective. Therefore, Synergy considers it is important for the ERA to obtain and publish WP's asset condition related forecasts or any other type of forecast that informs WP's replacement expenditure proposal prior to its draft AA5 decision	13.4.5		
			• WP is proposing to introduce new time of use energy tariffs and new demand-based tariffs in AA5. No forecast is provided on customer connections, energy and peak demand for these new reference services. Prior to publication of the ERA's Draft Decision, Synergy requests that ERA obtain and publish WP's updated forecasts of peak demand, energy, and customer number forecasts and further information in relation to WP's updated forecasts. These should include forecasts for new tariffs. Synergy requests that the ERA review and adjust WP's updated forecasts if needed.	13.4.4		

Items	Area	Meets Synergy / customer needs	Rationale	Submission reference	Synergy response to WP AA5 Additional Information – Tariff Structures and Reference Services (AI)	
30	Capex	✗	• If WP's proposed capex program were approved, it would add $4.5 billion (in real 2022$) to WP's proposed opening AA5 RAB of $10.5 million, representing an increase in WP's proposed AA5 opening capital base of 43% before depreciation	14.2.1	✗	The AI has not addressed this matter.
			• The absence of critical information such as locational peak demand, locational customer number and locational capex forecasts, appears to undermine the integrity of the proposal, since it means that, contrary to the requirements of ENAC section 4.2, Synergy and other interested parties are unable to assess whether the proposed major augmentation is prudent and efficient	14.2		
			• WP is forecasting a pick-up in capacity expansion capex relative to that in AA4. This is inconsistent with WP's statement that it expects peak demand will fall over the AA5 period	14.2.2		
			• Synergy notes that the justification for the ability of the network to roll SPS expenditures into the RAB was predicated on it reducing network costs. Synergy cannot see any evidence in WP's proposal that SPS expenditures reduce the size of WP's overall investment program	14.2.5		
			• As mentioned in the opex category above, there is no evidence of WP having considered the use of alternative options to reduce capex requirements	14.2.4		
			• The allocation of capex to asset categories lacks transparency. Synergy notes that, compared to AA4, a high proportion of AA5 capex has been allocated to assets with relatively short economic lives. Allocating capex to short lived assets tends to bring forward future revenue. This	14.2.7		

Items	Area	Meets Synergy / customer needs	Rationale	Submission reference	Synergy response to WP AA5 Additional Information – Tariff Structures and Reference Services (AI)	
			outcome is NPV negative for network users and customers with a higher cost of capital than the network • Synergy seeks confirmation that all capex not related to the provision of covered services will be fully covered by cash contributions • Synergy seeks clarity from the ERA as to whether any of the obsolete, decommissioned, retired or redundant assets identified in WP's AA5 proposal should be treated as redundant capital under ENAC section 6.61.	14.2.6 14.2.8		