15 December 2022 **Our Ref: CWF-20221215**

Ms Jenness Gardner
Chief Executive Officer
Economic Regulation Authority
Via ERA online submissions portal

Dear Ms Gardner

RE: SUBMISSION ON WESTERN POWER ACCESS ARRANGEMENT FIVE – REVISED ACCESS ARRANGEMENT

Thank you for the opportunity to comment on Western Power's revised Access Arrangement Five (AA5) proposal.

Collgar Renewables (Collgar) has focused its comments on transmission investment and the Applications and Queuing Policy (AQP). These are critical to connect the generation and storage technologies necessary to address the current capacity shortage, enable the energy transition and meet decarbonisation targets.

Transmission investment

Collgar remains very concerned about the lack of transmission investment included in AA5. It is widely understood that substantial transmission network is needed to enable connection of renewable generation and storage, serve decarbonising industrial and mining users and maintain a secure and reliable power system. For example, independent think tank Beyond Zero Emissions' latest *Deploy* report states that 'new renewable generation, storage and transmission needs to come online at scale and speed…'.[1]

Western Power has itself acknowledged the scale of this task. At various forums it has presented the slide in *Attachment 1*, which shows that, even conservatively, 30GW to 43GW of renewable generation is needed by 2030. That is 6 to 9 times the generation currently connected to the South West Interconnected System (SWIS), not taking into account planned retirements.[2] Given the long lead times to develop projects, and that a staged approach is beneficial, immediate action is needed to augment the transmission network to accommodate this generation.

AA5 planning for and funding the network needed for the *additional* 25GW to 38GW of generation would already set an ambitious task to be achieved in the seven years to 2030. Alarmingly, Western Power has flagged through its proposals and at the related forums that much of this

[1] Beyond Zero Emissions, 2022, *Deploy – Cut emissions and build a prosperous Australia* (available here).
[2] Based on 4.807GW connected to the SWIS for the 2022-23 Capacity Year, per AEMO's 2022 ESOO (available here).

investment will be included in interim submissions or Access Arrangement 6 for 2028 onwards. This is far too late and is materially misaligned with decarbonisation targets set by industry and the State Government.

Collgar appreciates that the State Government deferred the second Whole of System Plan (WOSP) to 2025 and that the results of the interim SWIS Demand Assessment (SWISDA) have not yet been released. However, these processes do not remove the need for Western Power to undertake its own network planning and, in accordance with clause 3.15(d) of the AQP, 'make a good faith assessment as to the likelihood that specific projects will proceed'.

It is pleasing to see that Western Power's revised AA5 proposal includes additional capital expenditure for network planning and that its Draft Transmission System Plan (TSP) identified some network investment is needed. However, the scale of this investment is very underwhelming in the context of the demand forecasts outlined above and the expected decentralised nature of new generation and loads.

Collgar supports substantial additional network investment being included in AA5. While more detailed planning and analysis is to be undertaken, there are various 'least regrets' projects that are essential to support the energy transition, regardless of whether specific generation or load projects proceed. One example is augmenting the network to Kalgoorlie, which will be needed as the various miners electrify their operations to achieve their often publicly stated decarbonisation objectives. Such projects must be commenced as a priority given the scale of the challenge Western Power, and the sector more broadly, is facing over the coming years.

Collgar encourages the ERA to use, where available, discretion in considering such proposals as the urgency of the need for transmission investment does not allow for lengthy regulatory processes. Alternative funding models will also be needed given the scale of investment required, including funding network investment from State Government consolidated revenue, and creating frameworks that encourage private sector investment.

Applications and Queuing Policy

The Applications and Queuing Policy (AQP) is a critical document given it governs the access enquiry and applications process. A wholesale review of the AQP is needed so that it is fit for purpose for the energy transition and the unprecedented volume of connections needed now and in the coming years. Despite the ERA identifying in its Draft Decision[3] that the AQP 'will not be able to deal with the scope of change required for decarbonisation', Western Power has not proposed material amendments. The APQ must be amended, as a priority, so that it is fit for purpose.

Key matters to be addressed include:

- ***Binding timeframes***: It is necessary to have specific and binding timeframes for responses to enquiries and applications to both provide the applicant certainty and support timely project development. The language in the AQP ('expeditiously', 'diligently' and 'reasonable endeavours', etc.) and the proposed inclusion of *indicative* timeframes are not fit for purpose for the energy transition.

[3] Economic Regulation Authority, *Drafted decision on proposed revisions to the access arrangement for the Western Power Network 2022/23 – 2026/27 – Decision Overview* (available here).

Collgar proposes the following timeframes:

- Simple Enquiry: The AQP should require Western Power to complete and respond to a simple enquiry within 20 business days[4] (which is aligned with the obligation in clause 18.2A(b)).
- Detailed Enquiry: The AQP should require Western Power to complete and respond to a detailed enquiry within 40 business days for standard detailed enquiries and 60 business days for complex[5] detailed enquiries.
- Access Application: Ideally, the AQP would enable an applicant to submit studies[6] as part of its access application and the AQP would require Western Power to make its decision and respond within 60 business days for a standard application and 90 business days for a complex application.

  However, if studies are to be undertaken following lodgement of an application, then the AQP should require Western Power to undertake studies and make its decision within 120 business days.
- No progress period: 12 monthly is likely too long for an application in the queue to sit idle without progression. Given the timeframes outlined above, a much shorter period (perhaps 3 or 6 months) ought to be included so that applications are not unnecessarily adding to the queue. Collgar encourages Western Power to also have processes to actively consider whether applications have been made in good faith and are likely to progress.

- ***Enquiries not mandatory****:* Collgar recommends that the AQP should not mandate an enquiry be lodged prior to an application. An enquiry may not be necessary depending on the scale and nature of the project, and the applicant may prefer to immediately submit an application to decrease timeframes and the resource burden for Western Power and the applicant.
- ***Third-party consultants****:* The AQP should provide for applicants a list of approved third-party consultants to undertake studies on behalf of Western Power to alleviate resource requirements and assist expedite timeframes. Western Power currently considers these on a case-by-case basis, however this option should be available for all types of studies and formalised in the AQP.[7]
- ***Clear and transparent processes***: The process overview on page 2 of the AQP is useful, however needs to be amended to reflect modern processes.

  For example, it is unclear where in the application process Western Power will consider the Relevant Generator Modification (RGM) framework. Given a RGM can be a fatal flaw for a project, it is necessary that Western Power makes a determination as early as possible. Doing so mitigates unnecessary work, time and cost for both the applicant and Western Power.

  Another example is that the studies Western Power needs to undertake should be more limited in the new constrained access framework. However, the AQP does not clearly outline what is required under the new framework.

  The AQP ought to specify a default process and study requirements, including addressing the above, to provide certainty for the applicant, while also having the option for an alternative process to be agreed by the applicant and Western Power.

[4] All timeframes commence from the data of lodgement of the Enquiry or Access Application (as applicable).
[5] For example, new technologies and offshore.
[6] The nature of the studies would be agreed with Western Power in accordance with the AQP.
[7] Collgar understands this will not fully remove the need for Western Power to undertake studies and analysis but can expedite the process and alleviate Western Power resource constraints.

- ***Costs**:* Regulatory oversight ought to be strengthened to ensure costs, including for studies, incurred and recovered from applicants and users are efficient (including that analysis and studies undertaken are fit for purpose).
- ***Access to models and data***: Future applicants should be able to access Western Power models and data prior to submitting an application. These models and data enable analysis to inform opportunity definition, including site selection. This needs to be undertaken prior to detailed feasibility studies and submission of a good faith access application. The AQP should be amended to permit future applicants to access models and data without having to be tied to a particular enquiry or application.

Outlook to 2030

Industry, both loads and energy project developers, are working hard to achieve decarbonisation objectives. Unfortunately, the outlook to achieve these appears bleak. The demand for renewable energy far exceeds what can reasonably be developed on the existing network and in current connection timeframes. Decarbonisation efforts will fail if a very material shift in the approach to network investment and connection is not achieved as a priority.

Other reforms, including not requiring an Access Arrangement to be finalised prior to applying for Capacity Credits or a shorter Capacity Credit application cycle, can also assist expedite project development. Collgar will continue to engage with EPWA and AEMO on such reforms.

Collgar appreciates the opportunity to comment on these very important documents and is available to discuss its perspectives if that is helpful.

Yours sincerely

[redacted]

REBECCA WHITE

REGULATORY AND TRADING MANAGER

CC: Mr Jai Thomas, Coordinator of Energy, EPWA

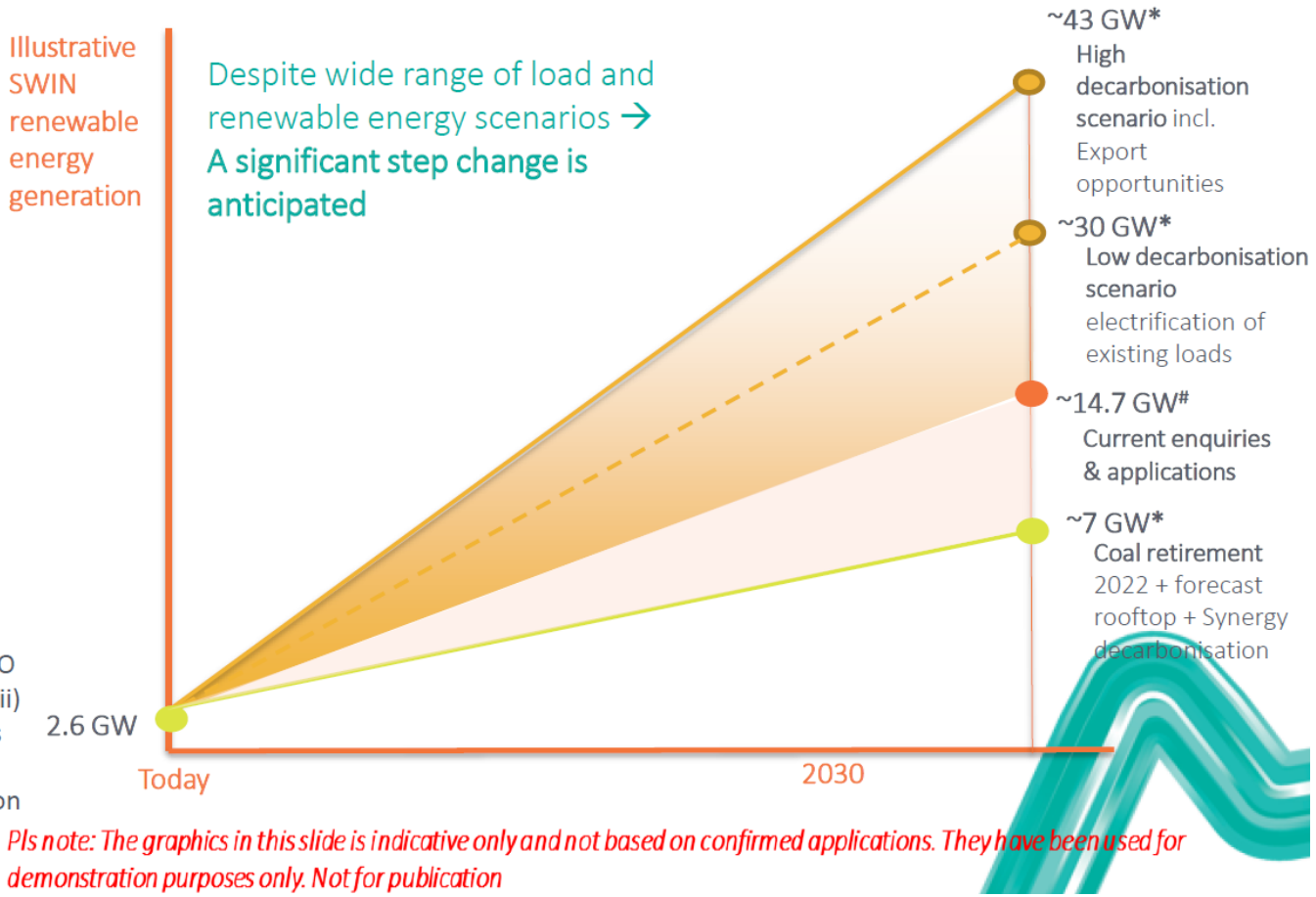
Ms Kate Ryan, Executive General Manager – WA and Strategy, AEMO

COLLGAR RENEWABLES

Attachment 1: Western Power load and generation forecast

Adding it up | it's a lot even if conservative

- Renewable generation ⇧ from **current 2.6GW to ~14.7GW forecast by 2030**: not enough to meet ~7-16GW load!
- Conservative **3x capacity factor** for renewable energy generation required to match load → 30GW – 43GW renewable generation by 2030 to meet market intelligence loads



#Renewable generation based on (i) AEMO forecast rooftop increase by 2.5GW and (ii) current renewable enquiries/applications 9.6GW

*Renewable generation forecasts based on a conservative 3x capacity factor on market intelligence load

Pls note: The graphics in this slide is indicative only and not based on confirmed applications. They have been used for demonstration purposes only. Not for publication