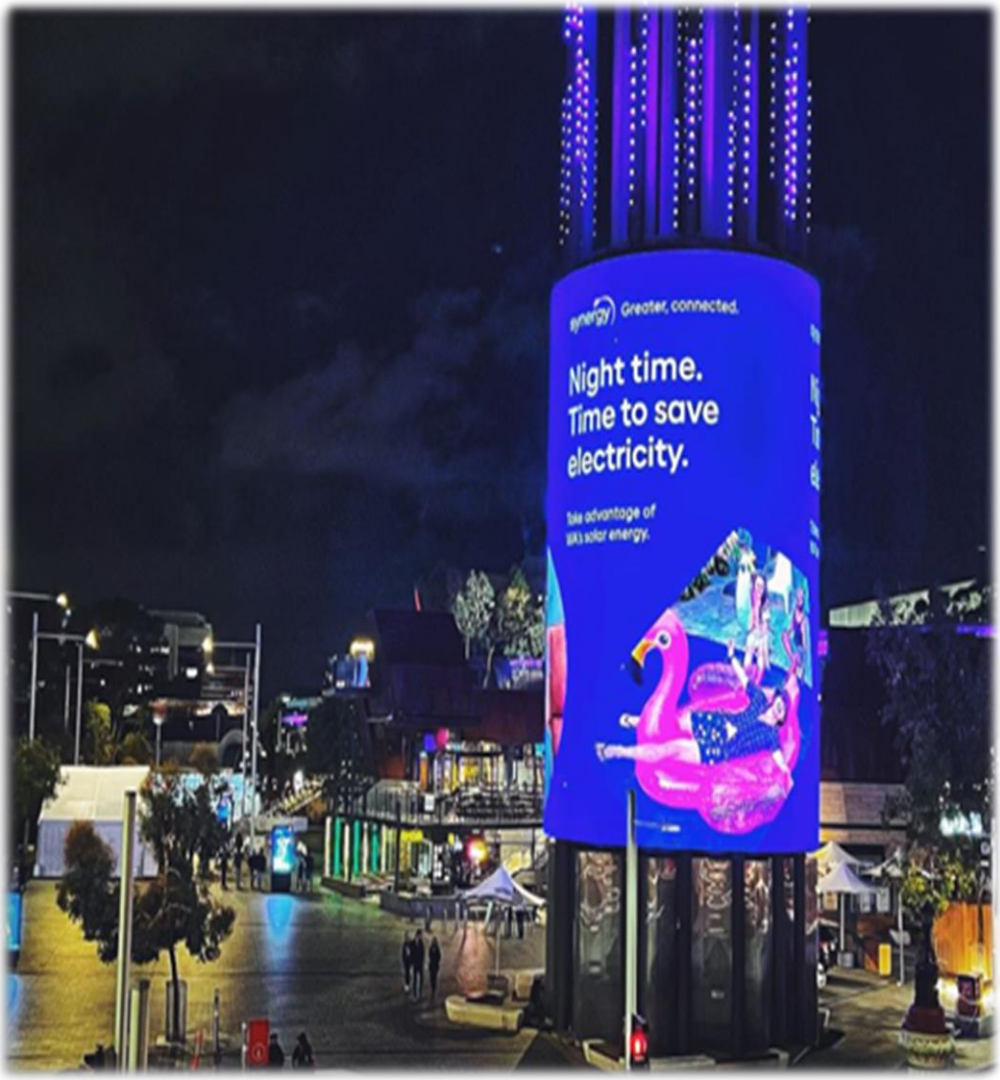
Submission to the Economic Regulation Authority



Western Power's Access Arrangement 5: Revised access arrangement in response to the Economic Regulation Authority's draft decision

16 December 2022

1. Introduction

Synergy is Western Australia's largest electricity retailer and the largest user of Western Power's (**WP**'s) network and associated services. Synergy's retail and generation electricity transfer access contracts (**ETAC**s) 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 per cent of the demand for contestable reference services and 100 per cent 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 fourth access arrangement (**AA4**) reference services and to introduce several new ones in AA5.

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

The ERA published its AA5 draft decision on 9 September 2022.

The ERA published on 16 November 2022 WP's revised AA5 and access arrangement information.

Synergy has assessed WP's revised AA5 and access arrangement information relative to:

- the ERA's AA5 Draft Decision (**draft decision**);
- Synergy's Reference Service, Tariff Structure Statement, Access Arrangement Policies and Standard Access Contract and Price Control submissions dated 20 April 2022; and
- Synergy's additional tariff structures and reference services information submission dated 26 July 2022.

Synergy notes that the initial AA5 proposal requested a target revenue of approximately $8 billion. This figure increased to approximately $9 billion following the ERA's draft decision. Synergy considers the proposed target revenue may continue to increase further since the ERA's draft decision given increases in interest rates and WP's request for additional capital and operating expenditure. Synergy expects to pay approximately 75-80% of the final AA5 target revenue amount determined by the ERA.

As a retailer with a large customer base, Synergy supports investment aimed at minimising outages, improving reliability and accelerating decarbonisation initiatives specifically transmission connection of new renewables and storage.

Synergy's submission has focused on ensuring efficient network investment and operation, considering regulatory mechanisms and approaches that could assist to reduce the size of the distribution tariff increases[1] and securing Synergy's access to network services and their associated tariff structures and pricing that meet our customers' requirements, consistent with the Electricity Network Access Code 2004 (**ENAC**) section 5.2.

[1] Refer page 44 of this submission.

The outcome of Synergy's assessment is presented in section 2 of this submission in a tabular form. To assist the ERA's consideration of Synergy's submission, Synergy has adopted a 'traffic light' approach to identify:

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

Partially meets Synergy's needs or Synergy has insufficient information to assess whether needs are met, i.e., where the additional information has partially addressed Synergy's previously advised concerns and service requirements or where alternative consideration by the ERA is required.

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

In making this submission, Synergy would like to acknowledge and thank WP and the ERA for their continued collaboration and engagement in relation to the development of the fifth access arrangement over the course of two years.

2. Final Decision Regulatory Requirements

ENAC section 4.17 requires that the Authority must consider any submissions made under sections 4.15 to 4.16A on the draft decision and must:

(a) make a final decision either:
  (i) to approve the proposed access arrangement; or
  (ii) to not approve the proposed access arrangement; and

(b) publish the final decision; and

(c) provide and publish reasons for the final decision.

Further ENAC section 4.18 requires if the Authority's final decision is not to approve a service provider's proposed access arrangement, then the Authority must draft, approve and publish its own access arrangement, which must be:

(a) based on the proposed access arrangement; and

(b) amended from the basis in section only to the extent necessary to satisfy the criteria for approval in section 4.28.

3. Synergy's assessment of WP's draft decision response

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
Draft Decision Attachment 1 – Price control and target revenue				
RA-01.01	Clause 5.7.3 must be amended to remove the proposed adjustment for under/over recovery of revenue for the 2022/23 financial year.	✗	WP has not amended its access arrangement as per the ERA's required amendment. Synergy does not support WP's proposal as, contrary to the requirements laid out in the ERA's AA5 framework and approach and draft decision, the proposal allocates demand risk in AA5 pricing year one to network users / end-use customers. Synergy concurs with the ERA's assessment, stated in Attachment 1 of the draft decision, that "The ERA does not consider that there has been a material change in circumstances [since the framework and approach] warranting the proposed departure …" (p. 7). Synergy seeks for the ERA to re-affirm its RA-01.01 draft decision in its final decision.	Synergy target revenue and price control submission section 5.3.1 pp. 20-22
RA-01.02	Clause 6.4 of the proposed revised access arrangement must be amended to reflect the most recent demand forecast available prior to the Final Decision and to remove formatting errors.	✗	Synergy notes WP's AA5 revised proposal contains a more accurate energy demand forecast that reflects Synergy's view that energy demand will increase in AA5 relative to AA4. Synergy's earlier AA5 submissions included requests for the ERA to require WP to publish its peak demand forecast to allow users to review it prior to the ERA publishing its draft decision. WP's non-provision of a peak demand forecast to users is of concern. Synergy considers ENAC sections 4.2 and 4.3 cannot be satisfied unless WP's peak demand forecast is provided to users. For example, WP has introduced a demand charge for its proposed commercial electric vehicle charging reference service to address a perceived peak demand risk. Without a published peak demand forecast, market participants cannot substantiate the need for this demand reference tariff approach. To provide another example, without a published peak demand forecast, users cannot understand how WP derived the growth and capacity expansion expenditure related elements of its proposed access arrangement and revised proposed access arrangement, as required under ENAC section 4.2. In Synergy's view, under ENAC section 4.28 the ERA cannot approve an access arrangement that is not accompanied by access arrangement information that contains a peak demand forecast. Synergy advocates the ERA require WP to publish a peak demand forecast within a reasonable time specified by the ERA and that users	Synergy additional information – tariff structures and reference services submission pp. 33-34

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
			be given the opportunity to make submissions to the ERA, informed by the peak demand forecast, prior to making its final decision.	
Draft Decision Attachment 2 – Regulated asset base				
RA-02.01	The opening regulated asset base must be amended to reflect capex reported in the annual regulatory accounts and 2021/22 actual capital expenditure.		WP has updated the opening asset base as of 1 July 2022 in Section 5.2 of the AA5 revised proposal. As a consequence, Synergy notes the opening capital base for transmission and distribution in 2021/22 has reduced by $54 million and $227 million respectively when compared to WP's February 2022 AA5 proposal.	
RA- 02.02	The forecast capital base must be amended to reflect the ERA's decision on forecast capex (Attachment 3B) and forecast depreciation (Attachment 4B).		**Major augmentation proposal** Under ENAC section 9.2, WP must not commit to a major augmentation before the ERA determines that the major augmentation proposal meets the regulatory test. Synergy seeks clarity in the ERA's AA5 final decision in relation to the assessment of WP's proposed modular grid strategy as a major augmentation proposal and whether other aspects of WP's AA5 proposal should be considered major augmentations and be assessed against the requirements provided in ENAC chapter 9. **Additional forecast capex** Synergy notes WP has sought a significant capital expenditure increase in November 2022, following the ERA's draft decision in August 2022, of more than $465 million in relation to the following expenditure categories: • $83.4 million in additional growth capex for the transmission network for decarbonisation planning during the AA5 period. • Amendments to the asset replacement and renewal capex for the distribution network, including adding $31.3 million for overhead line decommissioning costs and removing the costs of dual element metering ($27.5 million). • $115.6 million in additional capacity expansion capex for the distribution network to reflect the updated energy forecasts. • $190.1 million for additional capex in the compliance category for the distribution network.	Synergy target revenue and price control submission section 5.3.1 p. 61 New issue

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
			• $39.0 million for additional Corporate IT capex to manage cyber risks. Synergy seeks for the ERA to ensure the additional $465.4 million capex that WP is requesting is evidenced, based in terms of need and, if so, costs are efficient. As mentioned in Synergy's comments above in response to item RA-01.02, WP has not provided a peak demand forecast within its AA5 access arrangement information. Therefore, users cannot understand how WP derived the growth and capacity expenditure related elements of its proposed access arrangement and revised proposed access arrangement, as required under ENAC section 4.2. WP proposes $182.0 million in capex is required to support compliance with the ERA's required amendment RA-09.02, which relates to service reliability and performance improvements to customers on rural long feeders. However, as Synergy notes for the relevant item below, WP is proposing alternative arrangements to the ERA's required amendment RA- 09.02. The ERA, in its draft decision, raised issues about the scale and deliverability of WP's capex programs, noting it is well above the levels delivered in AA4. WP's additional capital expenditure proposal may exacerbate these concerns. Given the discrete nature of these proposed investments and the requested capex, Synergy considers it is reasonable and warranted that, to the extent the forecast capex is approved by the ERA, the investments be added to the investment adjustment mechanism. For example, given standalone power system (**SPS**) installations are already included in the investment adjustment mechanism, Synergy considers it would be reasonable to include the additional $31.3 million for decommissioning lines related to SPS installations in the investment adjusted mechanism. **Forecast depreciation** Synergy advised the ERA WP's proposal to continue to use the straight-line method of depreciation as opposed to the annuity method of depreciation does not satisfy the new ENAC objective and the specific criteria in ENAC section 6.4(c), because: • Network users and customers will experience savings from a move to the annuity method of depreciation, because network users face a weighted average cost of capital (**WACC**) that is greater than the regulated WACC for the network. • A move to the annuity method of depreciation would be net present value (**NPV**) neutral for WP. In other words, over the life of the assets, the NPV of target	Synergy submission to the ERA - annuity method of depreciation, 30 September 2022

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
			revenue obtained at the regulated WACC using the straight-line method of depreciation is equal to that using the annuity method of depreciation. • The ERA's revenue model can be easily modified to incorporate the annuity method of depreciation. • Adoption of the annuity method of deprecation in AA5 would lessen the network price impacts of the ERA's draft decision to increase WP's proposed WACC. • As the annuity method of depreciation is NPV neutral from the point of view of the network, its application during AA5 would provide the ERA with a lever to smooth out target revenue over access arrangement periods, while ensuring the network has the opportunity to earn revenue to recover its efficient costs of providing covered services over the life of the assets. Synergy considers that, under ENAC section 4.28, the ERA cannot approve an access arrangement that applies the previous, straight-line method of depreciation if it results in higher user costs than the annuity method of depreciation, particularly when the choice between depreciation methods is NPV neutral for the network. Synergy seeks an ERA determination in its AA5 final decision in relation to the adoption of the annuity method of depreciation as proposed by Synergy.	
Draft Decision Attachment 3A – AA4 capital expenditure				
RA-3A.01	The AA4 actual capex included in the regulatory revenue model must be amended to be consistent with the regulatory accounts. Forecast expenditure for 2021/22 must be updated to actuals.		Synergy notes WP has updated its revised proposal Attachment 1.1 – Revised AA5 Regulatory Revenue Model to reflect the AA4 capex reported in the annual regulatory accounts and the actual capex for 2021/22, as required by the draft decision. Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation.	Not applicable

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
RA-3A.02	WP must provide evidence that efficiency savings equal to the expenditure of $24.9 million on the Customer Management System have been incorporated in the proposed efficient base opex or forecast opex.		Synergy notes from WP's 2021/22 service standard performance report that WP's service standard adjustment mechanism penalty for distribution call centre performance was $161,746 and that call centre performance over the period 2015/16 to 2021/22 has not evidenced material improvement. Synergy cannot form a view in response to WP's position it has provided further information to the ERA to demonstrate its Customer Management System meets the requirements of the NFIT and thus should be included in the RAB, as Synergy does not have access to the information provided to the ERA.	Not applicable
Draft Decision Attachment 3B – AA5 capital expenditure				
RA-3B.01	Forecast capex must be amended to be consistent with the ERA's draft decision.		Refer to Synergy's comment above regarding RA- 02.02.	New issue
Draft Decision Attachment 4 – Depreciation				
RA-04.01	Amend errors in the calculation of depreciation to be consistent with ERA's target revenue model.		Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation. Refer Synergy's response to RA- 02.02 in relation to the annuity method of depreciation and to RA-04.03 regarding the allocation of AA4 actual capex to asset category.	Synergy proposal to the ERA - annuity method of depreciation, 30 September 2022
RA-04.02	Amend the proposed depreciation lives for AA5 capital expenditure for distribution underground cables, distribution switchgear, stand-alone power systems and storage to 60, 35, 20 and 20 years respectively.		Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation. Synergy notes WP has only amended the standard lives for AA5 capex. No changes were made to the remaining asset lives for existing assets as of 1 July 2022. However, Synergy understands that the 2022/2023 year forms part of the AA5 access arrangement period. Therefore, Synergy seeks the ERA to confirm the amendment in the revised proposal has been made consistent with the ERA's draft decision. Refer Synergy's response to RA- 02.02 in relation to the annuity method of depreciation and to RA-04.03 regarding the allocation of AA4 actual capex to asset category.	Synergy proposal to the ERA - annuity method of depreciation, 30 September 2022

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
RA-04.03	Update the revenue model depreciation calculation to use actual expenditure by asset class for AA4.		Synergy raised this issue in its 20 April 2022 target revenue and price control submission to the ERA. Synergy supports the ERA's required amendment for WP to amend the percentage allocations to asset class for AA4 to reflect actual expenditure by asset class. WP has stated in its revised AA5 proposal response that it has implemented the ERA's required amendment, as follows: *"WP has updated the revenue model depreciation calculation for the AA4 period consistent with the Draft Decision required amendment. WP notes that this applies only to the depreciation calculation for AA4 capex."* (p. 19) The following comments are relevant to RA-02-01, RA-02-02, RA-3A-01 and RA-3B-01. WP has included additional matrices in columns U to AH of the 'Dx-Inputs' tab and columns U to AI of the 'Tx_Inputs' tab in its revised AA5 regulatory revenue model. This has provided transparency in relation to forecast and actual capex expenditure, not previously available to network users. Having conducted a limited review of the model, and following discussions with WP, Synergy's view is that the application of the additional matrices results in a complicated model structure that appears to meet the ERA's requirements, assuming the percentage allocations are correct. The additional transparency provided by the additional matrices raises further questions in relation to WP's reported expenditure over the AA4 period, particularly with respect to $556 million of costs ($ real as at 30 June 2022) allocated to the following non-asset specific categories: • Dx_Inputs – Other Distribution Non-Network • Tx_Inputs – Other Non-Network Assets. For example, Synergy notes that 99.9 per cent of the forecast AA4 distribution capacity expansion expenditure was allocated across the Wooden Pole Lines, Underground Cables, Transformers and Switchgear asset categories. However, only 10.7 per cent of actual AA4 distribution capacity expansion expenditure was allocated across these asset categories, while 84.6 per cent was allocated to the "Other Distribution Non-Network" asset category. Synergy notes that the assumed economic life of the Other Distribution Non-Network asset category is 27 years, which is less than the assumed economic lives of the Wooden Pole (41 years), Underground Cables	Synergy AA5 target revenue and price control submission to the ERA, 20 April 2022

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
			(60 years), Transformers (35 years) and Switchgear (35 years) asset categories. If expenditure were incorrectly allocated to the Other Distribution Non-Network asset category, it may result in an inappropriately accelerated depreciation. Several other regulatory expenditure categories forecast a zero allocation to the Other Distribution Non-Network / Other Non-Network Assets categories over AA4, but with actual allocations that are substantially larger than zero. Therefore, Synergy requests the ERA to consider and address the following matters as part of its final determination: • Confirmation that the new matrix for allocating actual capex from the regulatory category to asset category is applied correctly throughout the revenue model structure and free from computational errors. • An assessment as to whether the treatment and cost allocations in relation to the assets under the Other Distribution Non-Network and Other Non-Network Assets categories are consistent with ERA and ENAC requirements • A determination that no AA4 opex has been allocated to AA4 capex. • A determination that AA4 capex in the Other Distribution Non-Network and Other Non-Network Assets categories has resulted in the creation of tangible assets that provide benefits to network users and customers. • A determination that AA4 business support costs in relation to the wholesale electricity market reforms are not being recovered under the access arrangement and have not been included in the Other Distribution Non-Network and Other Non-Network Assets categories. • The asset lives used for the Other Distribution Non-Network and Other Non-Network Assets categories are appropriate and consistent with the ENAC objective.	

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
Draft Decision Attachment 5 – Return on regulated asset base (RAB)				
RA-05.01	The ERA does not approve WP's proposed average nominal post-tax WACC of 4.73 per cent for the AA5 period and requires WP to amend the nominal post-tax WACC to 7.10 per cent based on the parameters set out in Table 8 and the reasoning detailed in this Draft Decision.		Synergy recommends the ERA: • Not include consideration of any international firms as comparators in a capital asset pricing model (**CAPM**) framework designed to estimate the equity beta of an Australian benchmark energy firm, as doing so would result in a statistically biased equity beta estimate of 0.7 • Adopt the statistically unbiased equity beta estimate of 0.55 for the benchmark firm, as derived from the ERA's analysis of the Australian sample data. This change in CAPM approach would see the equity beta being reduced from 0.7 to 0.55, resulting in a lower weighted average cost of capital and lower network charges than would otherwise be the case for AA5.	Synergy submission to the ERA - estimation of beta for WP's fifth Access Arrangement, 29 November 2022
Draft Decision Attachment 6 – Operating expenditure				
RA-06.01	Provide evidence that the proposed reactive replacement of streetlights with LED globes will meet current streetlighting standards and has the lowest lifecycle cost.		Synergy supports the ERA's required amendment. However, Synergy considers the ERA should determine whether WP has provided the necessary evidence required by the ERA's draft decision. (Synergy notes WP's alternative to providing the required evidence is to conduct further stakeholder engagement, but WP has not clarified how and when stakeholders will be provided an opportunity to provide feedback to the ERA following the engagement, and that there will be sufficient time for the ERA to consider such feedback when making its final decision.)	New issue
RA-06.02	Remove the proposed step change in opex for the silicone treatment program.		Given the safety implications, Synergy supports WP's proposed modified position provided the ERA reviews the efficiency of WP's proposed investment which has increased from $26.4 million (initial proposal) to $40.3 million (revised proposal). For example, assessing increased investments to address safety and reliability risks against higher insurance costs.	New issue
RA-06.03	Amend the circuit lengths in the distribution network growth escalation factor to be consistent with WP's plans to convert parts of the network to stand-alone power systems		Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation.	Not applicable

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
RA-06.04	Amend the customer numbers transmission network growth escalation factor to use the number of transmission connections.		Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation.	Not applicable
RA-06.05	Remove growth escalation factors from corporate costs.		Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation.	Not applicable
RA-06.06	Decommissioning costs associated with the removal of overhead lines should be included in the capital costs of the project that leads to the need to remove the lines and should be depreciated over one year.		Refer Synergy's comment on RA- 02.02 in relation to decommissioning costs being subject to the investment adjustment mechanism.	New issue
RA-06.07	Amend the productivity factor to two per cent per annum.		Synergy notes WP does not agree with the ERA's proposed productivity factor of 2 per cent per annum and has proposed an increased productivity factor of 0.5 per cent per annum. Synergy does not support this proposed change, as a productivity improvement of 0.5 per cent per annum would, in Synergy's view, not be consistent with a service provider efficiently minimising costs. Synergy considers WP's alternative proposal to the ERA's proposed amendment would not satisfy ENAC section 6.40. Synergy notes the ERA came to its draft decision on the productivity factor of 2 per cent per annum based on the following independent advice referred to in attachment 6 of its draft decision: *"Engevity considers, on balance, that WP should be able to target an efficiency improvement across the AA5 period of 2 per cent per annum. This outcome is more consistent with WP's stated approach to estimating the productivity growth factor – using the most recent benchmarking data available and distinguishing between movements in the efficiency frontier versus 'catch up'."* (p. 17)	Section 5.4.3 Revised Proposal Attachment 6.1 - Forecast Cost Escalators for WP's 2022-27 regulatory period

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
			Synergy considers the productivity improvement assumption should not be based on what WP "… should be able to target …", but on the productivity improvements that would be achieved by a service provider efficiently minimising costs. Guidance indicating WP should be able to target an efficiency improvement across the AA5 period of 2 per cent per annum suggests the assumed rate of productivity improvement must be no less than 2 per cent per annum. However, if what WP "… should be able to target …" is less than that which would be achieved a service provider efficiently minimising costs, then, in Synergy's view, the long-term interests of consumers would only be served by a productivity improvement assumption of greater than 2 per cent. Synergy supports the ERA's required amendment provided the ERA is satisfied the 2 per cent productivity assumption satisfies ENAC section 6.40. Given WP's additional requirements for opex and capex, Synergy requests the ERA confirm whether the 2 per cent target is not too low.	
RA-06.08	Forecast indirect expenditure must be amended to be consistent with the ERA's Draft Decision including: Removing growth escalation. Amending the productivity factor to 2 per cent.		Synergy refers the ERA to its comment provided above on RA-06-07, i.e., in relation to the application of productivity factors. Synergy does not support WP's revised proposed productivity factor of 0.5 per cent per annum.	New issue
RA-06.09	The labour escalation factor must be updated to reflect the latest forecast data and must be no higher than the forecast rate of productivity growth included in forecast opex.		Synergy supports the ERA's required amendment. Synergy has concerns regarding the Electricity, Gas, Water and Waste Services (**EGWWS**) labour escalation premium assumed by WP when deriving its proposed labour escalation factor for AA5. Synergy refers the ERA to Table 6 in WP's AAI - Attachment 6.1 - Cost Escalation Forecasts for Western Power's Access Arrangement 5, and the accompanying statement that "… there is evidence that the EGWWS premium over All Industries growth has narrowed over time …" (p. 11). WP's AAI Attachment 6.1 indicates that the EGWWS premium over the AA4 period has narrowed to 0.1 per cent, but WP has proposed a EGWWS premium for AA5 of 0.4 per cent.	New issue

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
			In Synergy's view, the assumption of 0.4 per cent is too high and not supported by the analysis presented in WP's access arrangement information. Moreover, Synergy refers to the following statement in WP's AAI - Attachment 6.1: *"In Western Power's AA4 regulatory period, the ERA allowed an EGWWS premium of 0.2%."* (p. 10) Given the actual EGWWS premium over the AA4 period was 0.1 per cent, this statement implicitly acknowledges that the forecast error for the EGWWS premium over the AA4 period was unfavourable to customers. Synergy is concerned that if the ERA adopts WP's proposed EGWWS premium assumption for AA5, the forecast error over AA5 will again be unfavourable to customers and to a greater degree than was the case for AA4. Synergy considers 0.1 per cent to be a more realistic assumption for the EGWWS premium. A reduction in the EGWWS premium from 0.4 percent to 0.1 per cent would result in lower forecast opex and lower network charges than would otherwise be the case for AA5. Synergy seeks that the ERA determine a EGWWS premium of no greater than 0.1 per cent for AA5.	
RA-06.10	Forecast opex must be amended to be consistent with the ERA's Draft Decision.		Refer to Synergy's response to RA- 03B.01 in relation to the investment adjustment mechanism, RA- 06.07 in relation to productivity assumptions, RA- 06.08 in relation to forecast indirect expenditure, RA- 06.09 in relation to labour escalation, and RA- 06.02 in relation to safety and reliability investments.	New issue
Draft Decision Attachment 7 – Other components of target revenue				
RA-07.01	Forecast taxation costs must be updated to be consistent with the revenue, operating costs and capital expenditure set out elsewhere in this Draft Decision.		Synergy notes WP has proposed a modified amendment that is intended to align with the principles of the ERA's required amendment. Synergy supports the ERA's required amendment and seeks for the ERA to confirm RA- 07.01 has been implemented consistent with the ERA's draft decision in its AA5 final decision.	Not applicable

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
RA-07.02	The values of the weighted average cost of capital, smoothed target revenue, forecast capital expenditure and forecast operating expenditure used to calculate working capital must be adjusted to be consistent with this Draft Decision.		Synergy notes WP has proposed a modified amendment that is intended to align with the principles of the ERA's required amendment. Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation.	Not applicable
RA-07.03	Amend the amount included in target revenue for the investment adjustment mechanism to reflect the capital expenditure reported in the annual regulatory accounts and update the 2021/22 capital expenditure to reflect actual expenditure.		Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation. Also refer to Synergy's comment on RA- 02.02.	Not applicable
RA-07.04	Amend input errors in the calculation of the gain sharing mechanism adjustment and update 2021/22 costs to actual costs.		Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation.	Nota
RA-07.05	The D-factor revenue adjustment must be updated to reflect actual costs for the 2021/22 financial year and the weighted average cost of capital approved by the ERA.		Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation.	Not applicable

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
RA-07.06	The amount of deferred revenue included in target revenue must be updated to reflect the weighted average cost of capital approved by the ERA.		Synergy notes WP has proposed variations from the ERA's draft decision. Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation.	Not applicable
RA-07.07	Amend the demand management innovation allowance to reflect the target revenue approved by the ERA.		Synergy notes WP has proposed variations from the ERA's draft decision. Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation.	Not applicable
RA-07.08	Amend data errors in the AMI communications expenditure in the revenue model and update the adjustment to reflect the weighted average cost of capital approved by the ERA.		Synergy notes WP has proposed variations from the ERA's draft decision. Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation.	Not applicable
RA-07.09	Regulatory reform costs must be updated to reflect actual expenditure for 2021/22.		Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation.	Not applicable

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
Draft Decision Attachment 8 – Services1				
RA-08.01	Amend the eligibility criteria for storage works and electric vehicle charging reference services as follows: "the connection point will use [storage works/electric vehicle charging] for the primary purpose of a [storage activity/electric vehicle charging activity] and may also be used for other purposes ancillary to a [storage activity/electric vehicle charging activity]".		The ERA's draft decision applies to the following services: • C22 – Transmission Storage Service • C23 – Low Voltage Distribution Storage Service (3 mega volt ampere (**MVA**) inverter) • C24 – High Voltage Distribution Storage Service • A22 – Low Voltage Electric Vehicle Charging Exit Service (2 MVA inverter) • C20 – Low Voltage Electric Vehicle Charging contracted maximum demand (**CMD**) Service (2 MVA inverter) • A23 – High Voltage Electric Vehicle Charging Exit Service • C21 – High Voltage Electric Vehicle Charging CMD Service (2 MVA inverter) Services C22, C23 and C24 have been drafted in accordance with the ERA's required amendment. However, services A22, C20, A23 and C21 have been drafted slightly differently to the required amendment. Synergy considers for services A22, C20, A23 and C21 should also be drafted in accordance with the required amendment for consistency.	Synergy's reference services submission, pp. 21-23. Synergy's additional information submission, p. 7.
			WP has amended the A22 and A23 services from a bi-directional service providing a bi-directional point to an exit service with an exit point, following publication of the ERA's draft decision:[2] • A22 – Low Voltage Electric Vehicle Charging Exit Service • C20 – Low Voltage Electric Vehicle Charging CMD Bi-directional Service • A23 – High Voltage Electric Vehicle Charging Exit Service • C21 – High Voltage Electric Vehicle Charging CMD Bi-directional Service	New issue

[2] Refer WP's proposed access arrangement, Appendix E, 1 February 2022.

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
			However, the CMD equivalent of these services (C20 and C21) are provided as bi-directional services. Notwithstanding this, Synergy notes the A22 and A23 services continue to accommodate the use of bi-directional inverters in accordance with AS4777. Synergy engaged with WP to understand why the A22 and A23 services had been changed to exit services noting there was no prior engagement of consultation on this change. Based on WP discussions Synergy understands the primary reason for the change is the tariff structures do not provide the appropriate signals for exports from these facilities into the WP network – particularly around exports during the super off-peak period and/or during the peak period. Synergy does not agree with this position given WP has been able to develop and provide bi-directional services for residential and business photovoltaic and storage systems. Therefore, Synergy requests the ERA to provide the A22 and A23 EV charging services as bi-directional services and not exit only services.	
RA-08.02	Amend the eligibility criteria for low voltage connected storage works and electric vehicle charging reference services as follows: The premises have an inverter system rated up to a total of ~~1~~ 3 MVA …		WP has amended the eligibility criteria for low voltage connected storage works in Appendix E (Reference Services) of the AA5 revised proposal consistent with RA-08.02. The 'sole purpose' eligibility criterion has been revised to 'primary purpose' of providing an EV or storage service and the connection point may also be used for other purposes ancillary to the EV or storage service. Synergy supports these changes. The inverter system criterion for storage services has been amended, consistent with RA-08.02, i.e., be rated up to a total of 3 MVA. WP has however, proposed a modification to the required amendment for the eligibility criteria for the low voltage EV charging service. A limit of 2 MVA is proposed by WP, representing a parallel connection to a 1 MVA transformer. WP notes this limit may be upgraded to 3 MVA where 1.5 MVA transformers are installed within the low voltage distribution network. As such, in Synergy's view, WP has not addressed the ERA's draft decision.	Synergy's reference services submission, pp. 11 and 21. Synergy's additional information submission, p. 7.

			WP has proposed the following inverter limits for storage and electric vehicle charging services: C22 – Transmission Storage Service A23 – High Voltage EV Charging C24 – High Voltage Distribution Storage: No inverter limit C23 – Low Voltage Distribution Storage: 3 MVA limit A22 – Low Voltage EV Charging C20 – Low Voltage EV Charging CMD C21 – High Voltage EV Charging CMD: 2 MVA inverter limit WP has proposed a modification to the required amendment for the eligibility criteria for the low voltage EV charging service. WP has proposed the A22 and C20 EV charging services be set to 2 MVA (total). WP considers this limit may be set to 3 MVA where a 1.5 MVA transformer is installed within the low voltage distribution network. However, this condition is not reflected in the eligibility criteria. In addition, WP has imposed the 2 MVA limit on the high voltage C21 service but not the other transmission and high voltage C22, A23 and C24 services and connection points. Given the services relate to the high voltage distribution network, the 2 MVA limit appears to be inconsistent with WP's explanation that there are transformer limitations in relation to some connection points on the low voltage distribution network. However, Synergy considers that WP's approach may be acceptable, provided the following amendments are made. Synergy requests the ERA to: 1. Remove the 2 MVA limit for the C21 high voltage EV charging service and make it the same as the A23 and C24 high voltage services and connection points. That is, specify no inverter limit. 2. Amend the eligibility criteria for A22 and C20 low voltage EV charging service to include the underlined words as outlined below: *"6. The premises have an inverter system rated up to a total of 2 MVA for single or three-phase connections or 3 MVA for single or three-phase connections where the connection point is located on a circuit served by a distribution transformer that is 1.5 MVA or greater; …"*	

<table>
<tr><th>ERA ref.</th><th>ERA required amendment</th><th>Synergy assessment of WP's response</th><th>Synergy rationale</th><th>Synergy reference</th></tr>
<tr><td>RA-08.02</td><td>Amend the eligibility criteria for low voltage connected storage works and electric vehicle charging reference services as follows: The premises have an inverter system rated up to a total of ~~1~~ 3 MVA …</td><td>  </td><td>WP appears to be providing a CMD tariff structure for the EV charging services C21 and C20.<table><tr><th>Reference service</th><th>Reference tariff</th></tr><tr><td>A22 – Low Voltage Electric Vehicle Charging Exit Service
C20 – Low Voltage Electric Vehicle Charging CMD Service</td><td>RT40</td></tr><tr><td>A23 – High Voltage Electric Vehicle Charging Exit Service
C21 – High Voltage Electric Vehicle Charging CMD Service</td><td>RT41</td></tr></table>However, the Tariff Structure Statement Technical Summary, indicates there is no CMD tariff. That is, RT40 and RT41 do not relate to a CMD tariff structure. Therefore, Synergy requests the ERA to provide the CMD and rolling 12 month (peak) metered demand tariff structure requested by Synergy under section 5.2 of the ENAC.
Refer also Synergy's comments on RA 11.04.</td><td>Synergy's reference services submission, pp. 21-22.
Synergy's tariff structure statement submission, pp. 13, 28.
Synergy's additional information submission, p. 12.</td></tr>
<tr><td></td><td></td><td>  </td><td>WP has also introduced a new eligibility criterion relating to type 4 meters not previously included in its proposed AA5 prior to the draft decision. WP, in the eligibility criteria, has limited the storage and EV charging services to a type 4 metering installation. Synergy considers the eligibility criteria could be simplified by deleting the following words because, as the meters record and provide interval data, type 4 meters do not require to be configured for the reference tariff time bands as a pre-requisite to use the reference service:
"…The meter is a Type 4 metering installation configured to measure the transfer of electricity into and out of the Western Power Network ~~and it is configured for the time bands set out in the Price List for RT38~~; …"</td><td>New issue</td></tr>
</table>

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
RA-08.03	Include residential and business exit and bi-directional super off-peak demand services in the list of reference services.	 	Synergy notes WP has provided the following services consistent with the ERA's required amendment: • A21 Super Off-peak Demand (Business) Exit Service – RT36 • C19 Super Off-peak Demand (Business) Bi-directional Service – RT36 • A20 Super Off-peak Demand (Residential) Exit Service – RT37 • C18 Super Off-peak Demand (Residential) Bi-directional Service -RT37 In addition, Synergy notes the A21 and C19 reference services have been made available to business customers on the low and high voltage distribution network. WP has also introduced a new eligibility criterion, relating to type 4 meters, not previously (i.e., prior to the ERA's draft decision) included in its initial AA5 proposal. WP has now limited the services to a type 4 metering installation for customers consuming less than 750 MWh.[3] Synergy supports the new services but considers the eligibility criteria could be simplified by deleting the following words related to time bands, because, as the meters record and provide interval data, type 4 meters do not require to be configured for the reference tariff time bands as a pre-requisite to use the reference service: *"…The meter is a Type 4 metering installation configured to measure the transfer of electricity out of the Western Power ~~Network and is configured for time bands set out in the Price List for RT37~~ …"*	Synergy's reference services submission, p. 18. Synergy's additional information submission, p. 2.
RA-08.04	Amend Appendix E to allow users to elect between a five-minute or 30-minute interval data service.		Synergy notes WP has amended its Appendix E in accordance with the required amendment. Synergy also notes WP has varied slightly from the ERA's required amendment and made reference to "five minute settlement commencement" rather than "weekly settlement commencement". Synergy agrees with WP's rationale and supports the required amendment.	Synergy's reference services submission, p. 28. Synergy's additional information submission, p. 14.

[3] Electricity Industry Metering Code 2012, Appendix 1, Table 3.

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
RA-08.05	WP must resolve the outstanding matters raised by users on the capacity allocation service and amend the reference service accordingly.		Synergy considers WP has not met the ERA's required amendment and resolved the outstanding matters raised by Synergy on the D2 capacity allocation reference service. Synergy has provided WP with its detailed service requirements, but the D2 reference service in WP's revised proposal has remained largely unchanged from the service WP initially proposed in February 2022. Synergy considers WP's position to not provide a service that meets Synergy's requirements is inconsistent with ENAC section 5.2. Synergy does not agree with WP's latest position as reflected in its revised access arrangement, because: • The current D2 reference service determined by the ERA in AA4 provides for capacity allocation swaps "… at one or more connection points…". WP is proposing to limit the use of an existing reference service. • Consistent with ENAC section 5.2(b)(i), Synergy has positively expressed to WP and the ERA the form in which it would utilise the D2 reference service. Synergy's reference service requirements are consistent with ENAC section 5.2. WP has declined to provide a reference service that meets Synergy's requirements. The ERA cannot approve an access arrangement that is inconsistent with the Code objective and the requirements of ENAC section 5.2, as the ERA will not have exercised its power under ENAC section 4.17 if it approves an access arrangement that does not specify, for each covered service, at least one reference service that meets the criteria in section 4.28(a). If this occurred, it would be a reviewable error. Synergy's reference service request adopts facets of non-reference services that, since July 2016, have permitted Synergy to relocate capacity for more than two connection points without a need for technical assessments. On 25 August 2022, Synergy provided WP an amended D2 reference service, incorporating WP's eligibility criteria for relocations that specify the circumstances where a technical assessment is required and where it is not. Synergy does not agree that technical assessments and operating documents are required in every case. A copy of Synergy's requirements and proposed drafting for the reference service is provided in Attachment 1. Synergy considers that, in its current form, the WP reference service will continue to be un-useable. As WP has not addressed the ERA's draft decision requirements in relation to this matter, an ERA determination is required consistent with ENAC section 5.2.	Synergy's reference services submission, pp. 10, 13-17, 34-36. Synergy's additional information submission, p. 17. Attachment 1 to this submission

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
RA-08.06	Amend the service description and eligibility criteria for Remote Load/Inverter Control Service D6 as follows: Service description: [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. Eligibility criteria: The activated device has capability enabled for the variable or binary control of electricity transferred through the connection point.		**Service Description and Eligibility Criteria** Synergy notes WP has amended Appendix E in accordance with the required amendment.	Synergy's reference services submission, pp. 26-27, 38. Synergy's additional information submission, p. 14.
			**Service Standard** Synergy understands WP undertook to amend the applicable service standard benchmark to 30 minutes for each service request made by a user (not aggregated), in line with Synergy's reference service request and submission (Synergy 20 April 2022, Reference Services, Appendix D, Page 38). WP has not addressed this requirement, and the service standard proposed by WP in relation to providing a remote load/inverter control service does not relate to, or apply to, the service. As outlined above, Synergy requires the remote service to be activated within 30 minutes of a user's request to control the applicable distributed energy resources (**DER**) equipment.	Synergy's reference services submission, p. 27. Synergy's additional information submission, p. 15.
RA-08.07	Amend the service description for all business energy-based reference services as follows: An [x] service combined with a connection service and a reference service (metering) at an exit point on the ~~low voltage (415 volts or less)~~ distribution system.		WP has not delivered the ERA's required amendment. The ERA's required amendment applies to the following services: • A2 Anytime Energy (Business) Exit Service • C2 Anytime Energy (Business) Bi-directional Service • A19 Super Off-peak Energy (Business) Exit Service • C17 Super Off-peak Energy (Business) Bi-directional Service • A21 Super Off-peak Demand (Business) Exit Service • C19 Super Off-peak Demand (Business) Bi-directional Service	Synergy's reference services submission, p. 18.

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
			Synergy notes WP's reference to the C1 residential service and the omission of the C19 bi-directional service in its revised proposal is potentially a typographical error. Synergy has raised the potential error with WP. WP's revised AA5 proposal has the effect of only providing the energy-based reference services to high voltage customers one time and for a period of only 6 months. This drafting and effect are contrary to the ERA's draft decision and Synergy's service requirements made under ENAC section 5.2. It also treats high voltage customers using this service differently to low voltage customers. Therefore, Synergy requests the ERA to delete the eligibility criterion that only provides this service to high voltage customers, one time, and for a period of only 6 months, as outlined below. *"…it is a high voltage (6.6kV or higher) connection point and Western Power determines, as a reasonable and prudent person, that the user's forecast maximum demand will be less than 1,500 kVA ~~for a period of no greater than six month~~; …"*	
RA-08.08	The Streetlighting Exit Service (A9) must be amended as follows: WP will maintain the streetlighting assets to ensure that the streetlighting exit service continues to be provided to original design levels. If WP initiates a change in the type of luminaire installed in an existing asset, it must ensure the streetlight asset meets current public lighting standards (AS/NZS 1158). Replace or repair the lamps and		WP has not amended the streetlight exit service (A9) to include the draft decision proposed wording but intends to engage further with the ERA and local government authorities in relation to the ERA's required amendment. Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation.	

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
	luminaires where upon investigation the lumen output no longer meets the original minimum design levels. If WP replaces the luminaire with a different type of luminaire, it must ensure it meets current public lighting standards (AS/NZS 1158).			
RA-08.09	Remove the words "the WEM Rules" from the eligibility criteria for reference services B1, B2 and D2.		Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation.	Synergy's reference services submission, pp. 13-14.
RA-08.10	WP must resolve the outstanding matters raised by users on the services facilitating distributed generation or other non-network solutions and amend the reference services accordingly.		Synergy considers WP has not met the ERA's required amendment nor resolved the outstanding matters raised in Synergy's submission on the B3/C15 reference services facilitating a distributed generation or other non-network solution. The B3/C15 reference service in WP's revised proposal has remained unchanged from the reference service WP initially proposed in February 2022. Attachment 8 of the ERA's draft decision required that WP "… must resolve the outstanding matters raised by users on the services facilitating distributed generation or other non-network solutions and amend the reference services accordingly." (p. 15). WP's AA5 revised proposal is not consistent with the ERA's required amendment. Synergy does not agree with WP's ongoing position to decline to provide usable reference services that facilitate distributed generation or other non-network solutions because: • Consistent with ENAC section 5.2(b)(i), Synergy has positively expressed to WP and the ERA the form in which it would utilise the D2 reference service. • Synergy's reference service requirements are consistent with ENAC section 5.2. WP has declined to provide a reference service that meets Synergy's requirements. The ERA cannot approve an access arrangement that is inconsistent with the Code objective and the requirements of ENAC section 5.2, as the ERA will not have exercised its power under ENAC section 4.17 if it approves an access arrangement that does not specify, for each covered service,	Synergy's additional information submission, p. 13. Attachments 2.1-2.4 to this submission

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
			at least one reference service that meets the criteria in section 4.28(a). If this occurred, it would be a reviewable error. A copy of Synergy's requirement and the reference service is provided in: • Attachment 2.1 - Copy of the reference service description in Synergy's submission of 20-April-2022, Appendix C. • Attachment 2.2 - The AQP process (drafting) detailing the steps and timeframes to expeditiously process a distributed generation and prudent discount application. • Attachment 2.3 - The calculation methodology, under the TSS, for determining the reduction in capex and opex in relation to a distributed generation or prudent discount application. We have shared the methodology previously with WP and understand WP agree with the approach. • Attachment 2.4 - The calculation (template) for performing the calculation Synergy notes SA Power Networks, as part of a July 2022 network EV charging tariff trial, aimed at maximising network utilisation and to avoid inefficient distribution network investment, provides residential customers with a daily EV charge rebate of 0.30-0.35 $/day [4]. This tariff initiative delivers the same outcome Synergy is seeking to achieve via the B3/C15 reference service i.e to provide a discount off the relevant transport tariff where users invest in initiatives to promote the economically efficient investment and operation of the WP covered network. This discount can then be provided to end use customers who contribute to the efficient use of the network. Synergy considers that in its current form the B3/C15 services will continue to be un-useable. As WP has not addressed the ERA's draft decision requirements in relation to this matter, an ERA determination is required.	

[4] Tariff Trial – Electrify (aer.gov.au)

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
Draft Decision Attachment 9 – Service standard benchmarks and adjustment mechanisms				
RA-09.01	The service standard adjustment mechanism adjustment to target revenue in AA5 must be amended to reflect actual service standard performance for 2021/22.		Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation.	Synergy's framework and approach submission July 2020, p. 15
RA-09.02	With the exception of rural long SAIDI, the transmission and distribution service standard benchmarks must be calculated based on the average performance over the AA4 period adjusted in AA5 for anticipated changes in service reliability and where individual penalty caps applied during the AA4 period. The rural long SAIDI must be no worse than the NQ&R Code standard of 290 minutes.		**Service standard benchmarks** Synergy supports the ERA's required amendment. Synergy seeks for the ERA to maintain its draft decision and required amendment that the rural long SAIDI must be no worse than the NQ&R Code standard of 290 minutes. Synergy notes that WP has not implemented the ERA's required amendment despite requesting an additional $182 million for targeted reliability improvements in rural areas. Synergy understands that the ERA: • Has considered disaggregating the benchmarks to target poor performing areas • Considers service standard benchmark disaggregation to be a policy matter, and • Will take the matter up with Energy Policy WA. Synergy considers specific locational benchmarks targeting poor performing areas would be consistent with the ENAC section 2.1(a) and seeks for the ERA to also consider whether other amendments to the service standard adjustment mechanism could be made to incentivise service standard improvements in rural areas. Synergy's experience with the approach of averaging service standards across the four broad feeder categories is that it lacks transparency and the incentive to improve service performance in those parts of the network experiencing the worst reliability outcomes. This makes it challenging for retailers to support their customers and	New Issue

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
			advocate for improved performance. It is also frustrating for the actual customer who experiences poor performance while WP maintains that they are meeting their service standards. Synergy considers the use of broadly averaged service standards does not incentivise efficient investment in and operation of the network, as it encourages a focus of effort on service performance where there are large numbers of connection points relative to low customer density areas, such as at the fringe of grid. Synergy considers the broadly averaged service standards have not provided the necessary transparency on whether WP's investments have effectively met community expectations. Synergy notes WP is also proposing an averaged service standard approach for some of the ancillary services (D1-D13). WP has not explained how such an approach is consistent with the Code objective nor how it would incentivise efficient investment in and operation of the network. Synergy supports the view that there should be a more direct set of incentives conferred on WP to improve customer outcomes in poor performing areas of the network and would welcome steps towards moving to locational service performance measures as soon as practicable. **SAIDI incentive rates** Synergy refers the ERA to the calculation of the SAIDI rate found in row 12 of the 'Incentive_Rate_inputs' tab in WP's Attachment 1.1 Revised AA5 Regulatory Revenue Model. Synergy notes the calculation, which appears to be based on a forecast of distribution network customers' annual energy consumption, has not been updated to incorporate WP's revised proposed energy demand forecast, which was published after WP's originally proposed AA5 Regulatory Revenue Model. Moreover, the same tab of WP's Attachment 1.1 indicates that WP's AA5 value of customer reliability (**VCR**) estimate for rural long customer is $39.71 / MWh ($ real as at 30 June 2021). This is considerably lower than WP's AA4 VCR estimate for rural long customers at $43.10 / MWh ($ real as at 30 June 2017), the calculation of which is found in WP's AA4 regulatory model. Synergy queries the reason for the change given the size of the reduction since the commencement of AA4 and requests that the ERA determine whether WP's AA5 VCR assumptions are sound.	

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
			More broadly, Synergy seeks for the ERA to confirm in its AA5 final decision that WP's proposed SAIDI incentive rates result in suitable performance incentives being conferred upon WP.	
RA-09.03	The call centre service standard benchmark in AA5 must be set on average performance over the AA4 period.		Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation.	Not applicable
RA-09.04	The service standard benchmarks for reference services D1 to D13 for AA5 must be amended to be consistent with the specific time periods specified in the Metering Code or Code of Conduct and apply to each individual performance of the relevant service.		WP has not implemented the ERA's required amendment or addressed Synergy's concerns. Synergy has discussed its requirements with WP. However, WP did not support Synergy's requirement of specific service standard requirements for the following services: • 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 For example, for the D9 re-energise service, WP's proposed service standard is based on: • an averaged service standard over a 12-month period; and • a 95 per cent compliance target.[5]	Synergy's reference services submission, April 2022, pp. 27-28. Synergy's additional information submission, July 2022, p. 13.

[5] Synergy notes this inconsistent with the Code of Conduct for the Supply of Electricity to Small Use Customers 2018.

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
			WP proposes to meet the average service standard 95 per cent of the time. The remaining 5 per cent of requests will not be subject to any service standard, notwithstanding the Code of Conduct for the Supply of Electricity to Small Use Customers 2018 legislates a 100 per cent reconnection service standard. The proposed service will provide users with a service standard that is lower than that prescribed by law. Synergy notes the 95 per cent compliance target is a new criterion that WP has introduced. It was not included in WP's 1 February 2022 initial proposal and was not subject to prior consultation. As Synergy's reference service request and requirements, outlined in its submission to the ERA, have not been met, Synergy and WP proposed to the ERA on 19 May 2022 that the issue be resolved through an ERA determination.	
RA- 09.05	The service standard targets in the service standard adjustment mechanism must be removed and replaced with the service standard benchmarks (as amended in this Draft Decision). The call centre performance measure should be retained in the service standard adjustment mechanism.		Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation. Refer Synergy's comments on RA-3A.02.	Not applicable

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
Draft Decision Attachment 10 – Expenditure incentives and other adjustment mechanisms				
RA-10.01	Amend the investment adjustment mechanism to include investment on the Network Renewal Undergrounding Program and standalone power systems.		Refer Synergy's comments on RA- 02.02.	Synergy's framework and approach submission July 2020, p. 14.
RA-10.02	Amend the drafting errors in the gain sharing mechanism formula.		Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation.	Synergy's framework and approach submission July 2020, p. 14.
RA-10.03	Amend the D-factor to remove the proposed inclusion of non-co-optimised essential system service costs.		Synergy supports the ERA's draft decision and notes that it is consistent with the ENAC requirements in relation to WP efficiently recovering its costs in relation to the provision of covered services in accordance with ENAC Chapter 6. Synergy notes that WP has raised a concern that non-co-optimised essential system service costs triggered by the Coordinator of Energy or otherwise under Wholesale Electricity Market (**WEM**) Rules may potentially not be recoverable from network users as costs related to the provision of covered services. Synergy considers WP should seek to recover the costs of its WEM functions under the WEM Rules. It would set an inequitable precedent and be inconsistent with the ENAC if WP sought to fund all its other activities, not related to the provision of covered services or priority projects, from network users.	Synergy's tariff structure statement submission, April 2022, pp. 15, 27.

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
Draft Decision Attachment 11 – Network tariffs				
RA-11.01	Update the cost allocation and forecast revenue for each reference tariff to reflect the most recent actual and forecast energy and customer numbers and revised target revenue. Provide at least the same level of information on the cost allocation, charging structures and indicative prices that was included in the price list information and price list provided for previous access arrangement reviews. This should include clear demonstration that the pricing principles and other Access Code requirements have been met. Include sufficient detail in the reference tariff change forecast so that customers can understand how much individual components of the tariff are forecast to change and the likely effect on customers with a range of consumption profiles. The reference tariff change forecast must include all reference		Synergy is comfortable with the energy demand forecast provided in the AA5 revised proposal. However, Synergy refers the ERA to its comments above on RA-01.02 in relation to WP's non-provision of a peak demand forecast. In Synergy's view, WP's revised proposal has not addressed the ERA's required amendment to "… Provide at least the same level of information on the cost allocation, charging structures and indicative prices that was included in the price list information and price list provided for previous access arrangement reviews.". For example, some of the key information missing from the indicative price list and TSS include: • Key formulas and methods in relation to calculating charges and discounts • A breakdown of the transmission and distribution billing parameters for each tariff • Indicative ancillary service prices • Key details of the operation of the various mechanisms under the Price List Information, e.g., the demand reset mechanism for RT5/RT6. The information previously provided in the Price List and Price List Information is critical for users and their customers to understand the business rules and formulas that apply to the calculation of charges under an access contract. The published information also provides the basis to reconcile charges and establish where a user or customer is contractually required to pay charges. The current information in the revised proposal and TSS is insufficient to determine how the charges will be calculated and applied over AA5. In addition, Synergy has previously sought greater published detail and formulae in relation to how the reference tariff change forecast and weighted average annual price change is calculated. The information is sought by users to determine reference tariff price paths under ENAC section 7.1D. This detail has not been provided and there is only a high-level explanation[6] in the TSS on how the weighted average annual price change is calculated. Consequently, Synergy seeks publications of this required information. It is problematic that market participants have not been afforded the required level	Synergy's tariff structure statement submission, April 2022, pp. 14-19, 23-24, 28. Synergy's additional information submission, July 2022, pp. 17-19.

[6] WP-AA5---Appendix-F.2---Tariff-Structure-Statement-Technical-Summary.PDF (erawa.com.au), p. 64.

<table>
<tr><th>ERA ref.</th><th>ERA required amendment</th><th>Synergy assessment of WP's response</th><th>Synergy rationale</th><th>Synergy reference</th></tr>
<tr><td></td><td>tariffs (including the proposed new tariffs) and the forecast overall change in reference tariffs.</td><td></td><td>of transparency as part of the consultation process, as it has limited users' ability to assess WP's proposed network pricing. Accordingly, Synergy seeks that the ERA requires WP to provide this information prior to the ERA's final AA5 decision. Synergy recommends the ERA require WP to amend and resubmit its price list and price list information to the ERA within a reasonable time specified by the ERA and that users be given the opportunity to make submissions to the ERA, informed by the currently missing information, prior to making its final decision.</td><td></td></tr>
<tr><td>RA- 11.02</td><td>Update the cost allocation and proposed rebalancing between fixed and variable charges taking account of stakeholder concerns to develop a more gradual transition. This must include sufficient detail so that stakeholders can understand any rebalancing that is proposed over the AA5 period and the effect it will have on customers with a range of consumption profiles.</td><td>  </td><td>Synergy notes, notwithstanding WP's request for additional opex and capex, the revised AA5 proposal shows the average tariff increase has reduced from approximately 7.7 per cent per year to 3.3 per cent per year, primarily due to the application of a (revised) higher energy demand forecast and the allocation of costs across a higher energy demand base. Synergy is comfortable with the revised proposed energy demand forecast.

Synergy still considers there is insufficient detail and transparency in relation to cost allocation and rebalancing of tariffs. Synergy has sought to understand the approach WP has taken and the effect on residential customer consumption profiles by examining the (revised) indicative prices for RT17 and RT21 against the new more efficient RT35 time bands.
<table>
<tr><td>A12 3 Part Time of Use Energy (Residential) Exit Service
C9 3 Part Time of Use Energy (Residential) Bi-directional Service</td><td>RT17</td><td rowspan="2">Transitioned
(Grandfathered - Not available for new nominations)</td></tr>
<tr><td>A16 Multi Part Time of Use Energy (Residential) Exit Service
C13 Multi Part Time of Use Energy (Residential) Bi-directional Service</td><td>RT21</td></tr>
<tr><td>A18 Super Off-peak Energy (Residential) Exit Service
C16 Super Off-peak Energy (Residential) Exit Service</td><td>RT35</td><td>New in AA5</td></tr>
</table></td><td>Synergy's tariff structure statement submission, April 2022, pp. 14-19, 21-24.

Synergy's additional information submission, July 2022, pp. 5-6.</td></tr>
</table>

<table>
<tr><th>ERA ref.</th><th>ERA required amendment</th><th>Synergy assessment of WP's response</th><th>Synergy rationale</th><th>Synergy reference</th></tr>
<tr><td></td><td></td><td></td><td>Synergy considers, notwithstanding the draft decision to transition RT17 and RT21, the ENAC cost allocation and pricing principles need to be apply equally applied to all three tariffs. However, Synergy's analysis indicates that the transitioned tariffs (existing time of use tariffs based on a residential customer's average consumption) are cheaper relative to the new RT35 as outlined in the table below.

Average annual customer cost (based on 5,200 kWh average annual consumption and approximately 200,000 customers)
<table><tr><th>Residential Tariffs</th><th>Previous Mean Based on 1-Jul-2022 Draft indicative prices</th><th>New Mean Based on 15-Nov-2023 indicative prices</th><th>% Change</th></tr><tr><td>RT17 (Transitioned)</td><td>$739</td><td>$725</td><td>-2%</td></tr><tr><td>RT21 (Transitioned)</td><td>$646</td><td>$721</td><td>10%</td></tr><tr><td>RT35</td><td>$779</td><td>$805</td><td>3%</td></tr></table>Comparison of average price per unit (kWh)
<table><tr><th>Tariff Based on 15-Nov-2023</th><th>cents/unit</th></tr><tr><td>RT1 Anytime</td><td>8.628</td></tr><tr><td>RT17 ToU</td><td>7.194</td></tr><tr><td>RT21 ToU</td><td>7.115</td></tr><tr><td>RT35 ToU</td><td>8.716</td></tr></table></td><td></td></tr>
</table>

Changes in the RT35 pricing bands

RT35 Price Band Changes	% Change Relative to 1-Jul-2022 indicative prices
Peak	8% increase
Shoulder	8% increase
Off-peak	8% increase
Super off-peak	0%
Overnight	0%
Fixed	-3% reduction

A more expensive RT35[7] is counter intuitive, as the new residential super off-peak network tariff (RT35), based on the following time periods and the revised demand forecast, is intended to reflect current network usage patterns has resulted in the new super off-peak tariff conferring higher costs than existing time of use tariffs.

- Super off-peak – 9 am to 3 pm
- Peak – 3 pm to 9 pm
- Shoulder – 6 am to 9 am and 9 pm to 11 pm
- Off-peak – all other times.

The ERA considered this matter in its draft decision and suggested the disparity could be because the existing tariffs are not cost reflective. In this context, Synergy notes that the new ENAC pricing principles require that each reference tariff must:

- Be based on the forward-looking efficient costs of providing reference services
- Minimise distortions to the price signals for efficient usage.

Synergy considers WP's revised AA5 proposal has sought to rebalance the residential time of use tariffs by lowering the fixed charge and increasing the variable charges. Consequently, this has created a situation where, on average, the transitioned tariffs are more affordable than the new super off-peak tariffs. Synergy considers this outcome will assist in mitigating the demand risk faced by the network operator but is inconsistent with the Code objective, especially the requirement to promote efficient use of network services for the long-term interests of consumers in relation to price. The pricing

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
			outcomes illustrated by the above tables do not incentivise network users to transition from the legacy time-of-use tariffs to the newer super off-peak tariffs with the more efficient time-bands or even transition from anytime energy to the super off-peak reference service for the average residential customer. During the AA5 consultation process and Synergy's engagement with WP, in developing the super off-peak services and tariffs and the decision to transition legacy time-of-use tariffs, Synergy outlined the following four key requirements: 1. An up-to-date energy demand forecast 2. A super off-peak price that can be used to send the right price signals to incentivise customer behaviour 3. The right balance between fixed and variable pricing (multipliers) consistent with the pricing principles and the Code objective 4. Prices (average costs) that will incentivise transition to the new super off-peak services and tariffs. Synergy supports and acknowledge WP's cooperation and assistance in relation to items 1-3 above. However, Synergy is concerned the approach to pricing the transitioned tariffs and the super off-peak tariffs will not result in existing customers being transitioned to the new tariff. In addition, the AA5 revised proposal does not contain details or analysis of how the individual tariff components have been varied so the stakeholders can understand any rebalancing and the effect it will have on customers with a range of consumption profiles. Therefore, Synergy considers the revised proposal has not adequately implemented the ERA's required amendments. Under AA5 the following tariffs RT3, RT4, RT15, RT16, RT17, RT18, RT19, RT20, RT21 and RT22 will be transitioned (not available for new nomination after 1 July 2023). Therefore, Synergy requests the ERA review how WP has allocated costs and rebalanced prices and ensure that WP's pricing strategy does not create an outcome where the transitioned tariffs is a disincentive to using the new super off-peak tariffs.	

[7] Noting time-of-use RT35 is more expensive than the anytime energy tariff RT1. This outcome is also contrary to sending efficient pricing, addressing the duck curve and the roll-out of AMI interval meters.

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
RA- 11.03	Demand-based time of use tariffs must be included for residential and commercial customers. The time of use periods must be consistent with the super off-peak tariffs.		Synergy notes WP has provided the following tariffs, consistent with the ERA's required amendment: • A21 Super Off-peak Demand (Business) Exit Service – RT36 • C19 Super Off-peak Demand (Business) Bi-directional Service – RT36 • A20 Super Off-peak Demand (Residential) Exit Service – RT37 • C18 Super Off-peak Demand (Residential) Bi-directional Service -RT37	
			Synergy considers the ERA's required amendments also require demand-based, time of use (bi-directional) tariffs to be provided for commercial transmission customers. WP has not provided these tariffs in the AA5 revised proposal. Therefore, Synergy requests the ERA to provide these tariffs for AA5.	New issue
RA- 11.04	Modify the proposed tariff for electric vehicle charging reference services to take account of the matters raised in the stakeholder submissions received by the ERA.		Synergy considers WP has not met the ERA's required amendment or Synergy's requested service requirements consistent with ENAC section 5.2 for an EV charging tariff structure: 1. That would support decarbonisation and promote the uptake of EV charging infrastructure and EV. 2. For a (peak) metered demand – based on the maximum half-hour demand for a customer, measured between 3 pm – 9 pm each day, and applied over a rolling 12-month period. 3. For a contracted capacity tariff (CMD). WP has proposed to develop and offer a single tariff structure design that Synergy considers is aimed at ensuring network revenue recovery and certainty rather than promoting EV uptake. As outlined by Synergy and other stakeholders, the EV tariff demand charge, which acts as a fixed charge across the billing period, would likely restrict the feasibility of Western Australian high kW supercharger business cases. On 12 October 2022, Synergy presented a modified WP EV network tariff design to WP and market participants that, in its view, would assist the uptake of EVs in Western Australia. In summary, key features were:	Synergy's reference services submission, April 2022, pp. 22. Synergy's tariff structure statement submission, April 2022, pp. 13, 28-29. Synergy's additional information submission, July 2022, pp. 7-13.

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
			1. **Lower impact of charger size:** to improve the commerciality of installing higher kW charges when compared to existing technology (22, 50 and 75 kW) 2. **Reduce block increases in costs:** to improve predictability of costs through re-banding of utilisation factor 3. **Share demand risk:** by using WP's utilisation factors and applying a glide path to the application of the demand charges 4. **Incentivise roll-out:** to develop an affordable and feasible alternative to the Super Off-peak Energy Business (RT34). Given RT18 will be transitioned (grandfathered) and will not be available for new EV charging facilities. Details of Synergy's alternative tariff design is provided in Attachment 3. Synergy's proposed changes were not supported by WP. Synergy considers, unless the key elements of the WP's tariff structure design is changed, Synergy is unlikely to use the service. Further, the complexity of the EV network tariff makes it very difficult to design a retail tariff to send the same (demand charge) price signals to customers, meaning network users that utilise the service will likely be exposed to increased demand risk from their customers. Given this backdrop, network users are likely to use non-EV network charging reference services such as the business super off-peak reference service. Therefore, Synergy seeks the ERA to: 1. Provide the CMD and rolling 12 month (peak) metered demand tariff structure requested by Synergy 2. Modify the WP's proposed tariff structure designed as outlined in Synergy's proposal (refer Attachment 3) 3. Enable network users to support EV charging stations during the initial uptake of EVs, when their utilisation is low 4. Ensure EV charging stations make a fair contribution to the recovery of network costs as their utilisation increases (i.e., a contribution commensurate with that of other customers that impose similar costs on the network, particularly due to high maximum demand, which has the potential to exacerbate coincident peak network demand).	

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
RA- 11.05	Consider the stakeholder feedback received and engage further with stakeholders to refine the proposed storage tariffs.		Synergy considers WP has not met the ERA's required amendment or Synergy's service requirements requested under ENAC section 5.2. Synergy considers it will be the largest user in relation to the provision of storage retail products and services to a significant number of customers and a substantial portion of the market. Synergy in its submissions to the ERA and engagement with WP has consistently maintained the requirements for the following distribution and transmission storage tariff structure: 1. For a (peak) metered demand – based on the maximum half-hour demand for a customer, measured between the 3pm – 9pm each day, and applied over a rolling 12-month period. 2. For a contracted capacity tariff (CMD/DSOC). **Distribution storage (reference service C23 and C24)** Synergy does not support WP's proposed distribution storage tariff structure in its current form as it does not meet Synergy's reference service requirements. 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. Therefore, Synergy seeks the ERA provide the CMD and rolling 12 month (peak) metered demand tariff structure requested by Synergy. **Transmission storage (reference service C22)** Synergy is currently installing a 100 MW / 200 MWh (i.e., two-hour duration) battery, which is scheduled to be operational between October 2022 and January 2023. In addition, Synergy has publicly announced the deployment of an additional 1,100 MW of storage, the bulk of which is expected to be commissioned in AA5 and AA6. On 27 September 2022, WP provided Synergy with a draft proposed tariff structure based on the transmission generator tariff TRT2. Synergy notes that WP has included this tariff structure in its revised AA5 proposal as TRT3. Synergy supports the inclusion of TRT3.	Synergy's reference services submission, April 2022, pp. 21-23. Synergy's additional information submission, July 2022, pp. 8-10.

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
			Synergy provided feedback to WP in October 2022 indicating: 1. A DSOC based tariff based on TRT2 would address Synergy's for a contracted capacity (DSOC) tariff. 2. WP had yet to address Synergy's requirement for a (peak) metered demand reference tariff – based on the maximum half-hour demand for a customer, measured between 3pm – 9pm each day and applied over a rolling 12-month period The ERA's draft decision (Attachment 11, Required Amendment 3) required WP to provided demand-based time of use tariffs for commercial customers including transmission customers. Given the various scenarios[8] related to how bi-directional transmission storage is likely to be implemented, Synergy does not consider a single tariff structure modelled on a legacy entry tariff is likely to address user requirements or incentivise the cost-effective deployment of transmission storage at scale. It is important to note that the whole of system plan (**WOSP**) modelling considers that large-scale storage, particularly 2-hour and 4-hour duration storage, will have an increasingly influential role in the SWIS. This is because the WOSP considers storage forms part of the lowest cost supply mix almost immediately. In addition, WP's draft Transmission System Plan 2022 outlines several emerging issues and drivers, including electrification of industries and decarbonisation developments, which are expected to drive significant increases in import and export transfer capacity and storage infrastructure. Synergy supports WP's proposed TRT3 tariff for transmission storage and considers it meets Synergy's requirement for a contracted capacity (DSOC) tariff for transmission connected storage. However, WP has not provided Synergy's requested peak metered demand tariff and the time of use demand tariff required by the ERA's draft decision. Therefore, Synergy seeks the ERA provide these additional tariff structures to support private investment in, and the deployment of, transmission storage, consistent with ENAC section 5.2.	

[8] Including forming a part of a customer's supply contract for discounted supply of time-of-use electricity, decarbonisation or ancillary services to support the Wholesale Electricity Market.

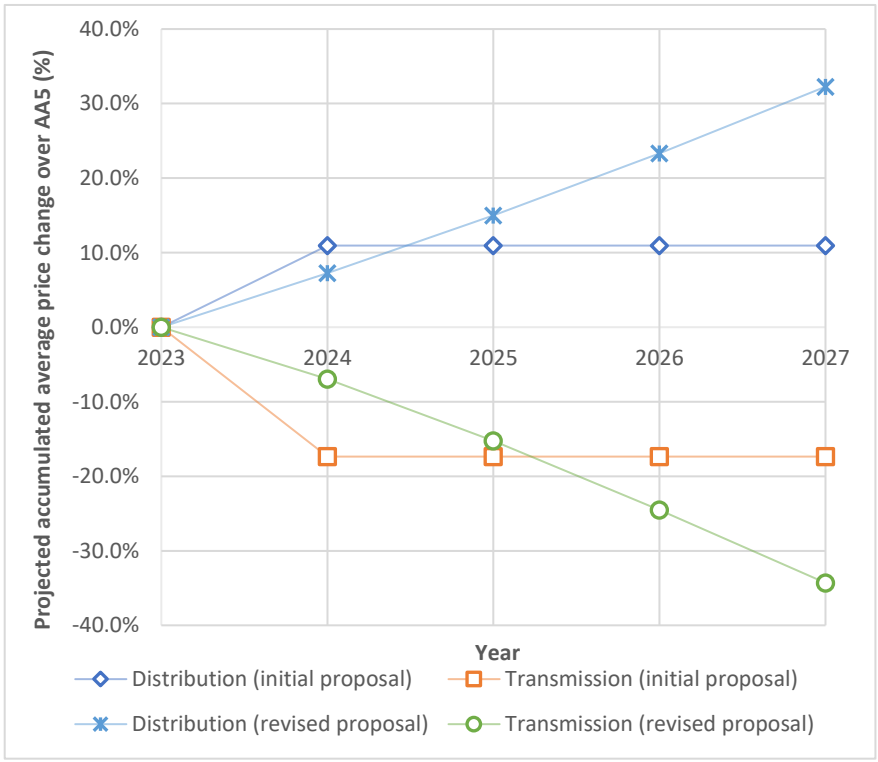
ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
			**Allocation of transmission costs to distribution reference services** The ERA's required amendment called for WP to consider stakeholder feedback and engage further to refine the proposed storage tariffs. This includes Synergy's feedback and requests for distribution storage and SPS reference services not including a transmission charge where the supply at the connection point does not use or transport electricity from the transmission network. Synergy, in its previous submission outlined that WP considers the ENAC permits a transmission cost not related to the provision of distribution reference services, to be allocated to distribution reference tariffs. In November 2021 Synergy requested WP, in accordance with section 5.2 of the ENAC, to include the following eligibility criteria into distribution bi-directional, SPS and storage reference services: *"Where the User does not use this service for the conveyance of electricity through the transmission system the User will not be charged the transmission tariff component."* It is important to note that DER assets are being used, and will continue to be used more, to support the transmission network and users. However, the related cost savings have not been allocated to distribution covered services. WP has previously put forward to Synergy it cannot account for or attribute electricity in relation to individual connection points that are supplied via transmission and distribution networks. Synergy concurs in relation to accumulation metered connection points, but not interval metered connection points, noting that the basis of the operation of the WEM depends on the accurate accounting and attribution of energy. Synergy and WP have been engaging on this issue. However, on the 5 October 2022 Synergy and WP sought the ERA to make a determination on the matter.	Synergy's reference services submission, April 2022, p. 21. Synergy's tariff structure statement submission, April 2022, p. 19. Synergy's additional information submission, July 2022, p. 18.

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
Draft Decision Attachment 12 – Policies and contracts				
RA-12.01	Amend Clause 9(a) of the standard access contract to require WP to act as a Reasonable and Prudent Person when determining if there is a material risk that a User will be unable to meets its liabilities under the contract and the form of documents required for the indemnifier. (page 16)		Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation.	Not applicable
RA-12.02	Amend Clause 9(b)(ii) of the standard access contract to require WP to act as a Reasonable and Prudent Person when deciding whether the arrangements for a cash deposit are acceptable. (page 17)		Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation.	Not applicable
RA-12.03	Amend the applications and queuing policy to reinstate the streetlight LED replacement service (D10). (page 28)		Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation.	Synergy's access arrangement policies and SAC submission, April 2022, pp. 5, 8.
RA-12.04	Amend Clause 4.9(d) of the applications and queuing policy to remove "and for the purposes of determining the terms and conditions of". (page 23)		Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation.	Not applicable

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
RA-12.05	WP must resolve the outstanding issues raised by users on the application process for distributed generation or other non-network solutions and amend the applications and queuing policy accordingly. (Section 7.1 page 25 & Section 10.1 page 28)		Refer to Synergy's comments under RA-08.10.	
RA-12.06	The timelines in the applications and queuing policy must be defined clearly and as short as reasonably possible with requirements to provide updates to applicants on progress and likely time to completion. (Section 3.2 page 16)		Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation.	Not applicable
RA-12.07	Remove the proposed transitional year from the multi-function asset policy. (Section 8 of the Attachment-13.5---Multi-Function-Asset-Policy-Explanatory-Statement - page 15)		Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation.	Not applicable
RA-12.08	Clarify the intention of step 4 in the multi-function asset policy decision-making framework and ensure that it is consistent with the Access Code and multi-function asset guideline requirements. (Section 3.2 page 11)		Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation.	Not applicable

<table>
<tr><th>ERA ref.</th><th>ERA required amendment</th><th>Synergy assessment of WP's response</th><th>Synergy rationale</th><th>Synergy reference</th></tr>
<tr><td>RA-12.09</td><td>Amend the multi-function asset policy to remove the proposed deduction of operational costs from net incremental revenue. (Section 5.2 Calculation of Net Incremental Revenue - page 18)</td><td>  </td><td>Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation.</td><td>Not applicable</td></tr>
<tr><td>RA-12.10</td><td>Remove Section 6 that relates to the calculation of the reduction to target revenue from the multi-function asset policy. (Section 6 - page 22)</td><td>  </td><td>Synergy supports the ERA's required amendment and looks forward to the ERA's final decision confirming implementation.</td><td>Not applicable</td></tr>
<tr><td colspan="5">Other matters</td></tr>
<tr><td>1.</td><td>Cross subsidisation of transmission users by distribution users</td><td>  </td><td>Synergy notes there are material differences between distribution and transmission average tariff increases between WP's initial AA5 proposal (February 2022) and WP's revised proposal (November 2022) summarised below.
Initial revenue model
<table>
<tr><th>Price path</th><th>2023</th><th>2024</th><th>2025</th><th>2026</th><th>2027</th></tr>
<tr><td>Distribution</td><td>0.0%</td><td>10.9%</td><td>0.0%</td><td>0.0%</td><td>0.0%</td></tr>
<tr><td>Transmission</td><td>0.0%</td><td>-17.4%</td><td>0.0%</td><td>0.0%</td><td>0.0%</td></tr>
<tr><td>Bundled</td><td>0.00%</td><td>3.65%</td><td>0.00%</td><td>0.00%</td><td>0.00%</td></tr>
</table>
Revised revenue model
<table>
<tr><th>Price path</th><th>2023</th><th>2024</th><th>2025</th><th>2026</th><th>2027</th></tr>
<tr><td>Distribution</td><td>0.0%</td><td>7.2%</td><td>7.2%</td><td>7.2%</td><td>7.2%</td></tr>
<tr><td>Transmission</td><td>0.0%</td><td>-6.9%</td><td>-8.9%</td><td>-10.9%</td><td>-12.9%</td></tr>
<tr><td>Bundled</td><td>0.00%</td><td>3.35%</td><td>3.24%</td><td>3.28%</td><td>3.45%</td></tr>
</table>
The figure below provides Synergy's analysis of the price path data provided in WP's</td><td>Synergy's tariff structure statement submission, April 2022, p. 17.

Synergy target revenue and price control submission section 5.3.1 p. 22.</td></tr>
</table>

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
			initial and revised revenue models. It shows the projected accumulated average network price change for transmission and distribution tariffs over the AA5 period for WP's initial and revised proposals. The data highlights the widening gap between distribution price outcomes and transmission price outcomes from WP's initial proposal to WP's revised proposal.  Synergy notes there was a material issue where low voltage distribution tariffs were cross-subsidising transmission tariffs in AA4. Given the history of this issue and the size of the transmission capex in AA5 and the markedly different tariff price paths highlighted in WP's revised revenue model, Synergy requests the ERA determine and publish in its final decision there is no cross-subsidy of transmission users by	

ERA ref.	ERA required amendment	Synergy assessment of WP's response	Synergy rationale	Synergy reference
			distribution users in AA5. Synergy considers it is important that the TSS evidences that distribution customers are not cross subsiding transmission customers.	
2.	Implementation time frames		WP's TSS does not include timeframes for publishing proposed tariffs with sufficient detail so that users can implement the necessary operational and system changes in time for the commencement of AA5. Synergy understands that users may not be provided with a draft price list and price list information prior to 31 May 2023. Synergy requires at least 3 months to make system changes and notify customers of the reference service tariffs in the new AA5 price list. Synergy considers these circumstances, unless otherwise mitigated by WP publishing its price list (or a draft price list and price list information) at an earlier date, should trigger the ERA's power under ENAC section 8.11 to specify a later date from which the price list is to take effect. Alternatively, ENAC section 4.26 requires the ERA must specify a start date for AA5 which must be consistent with the code objective and at least 2 months after the final decision, and may be after 1 July 2023.	Synergy's tariff structure statement submission, April 2022, p. 31. Synergy's additional information submission, July 2022, p. 25.

Attachment - 1

Synergy's requirements for reference service D2 Capacity Allocation

Synergy's capacity relocation reference service has been modified to incorporate WP's D2 Reference Service criteria. For the avoidance of doubt Western Power's current D2 reference service design does not reflect Synergy's requirements consistent with ENAC section 5.2.

Reference Service Name:	**Reference Service D2 –Capacity Relocation (Business) Service**
Reference Service Description:	A *service* ancillary to: • *exit services* A7, A8 and A11; • *entry services* B1 and B2; and • *bi-directional services* C7 and, C8, C19, C20, and C22, under which a User seeks to relocate *contracted capacity* between two or more nominated connection points in accordance with the *eligibility criteria*. This service may be used for multiple connection points, on the low voltage (415 volts or less) or high voltage (6.6kV or higher) Distribution System. This service may be used for *connections points* under the User's own access contracts and/or connection points under another User's access contract. The relocated capacity is not further transferable or otherwise delegable. At the end of the specified period the contracted capacity under the *user's access contract* is reinstated.
Eligibility Criteria:	Users are eligible to use this service if: 1. The user has submitted an electricity transfer application to relocate capacity that meets the following criteria: a. **CBD Capacity Relocation Criteria:** Users, with multiple *Connection Points* supplied from the same Substation or supplied from contiguous Substations[9]; or b. **Non-CBD Capacity Relocation Criteria - same or different Feeder:** Users, with multiple *Connection Points* connected to the same Substation or connected to contiguous Substations and under normal operating conditions the *Connection Points* are energised from the same or different Feeder[10]; and c. the aggregated *contracted capacity* for the *connection points* does not exceed the sum of the total contracted capacity for the nominated connection points; and

[9] This is the technical criteria that permits the relocation.
[10] Ibid.

	d. unless otherwise agreed, the *Charges* that apply will be based on the aggregated contracted capacity and calculated as if the User had a single *connection point*. otherwise criteria 2 to 11 below applies to the user's application to relocate capacity. 2. The user has submitted an electricity transfer application to transfer its contracted capacity at one or more connection points by an equivalent amount and that application is approved; and 3. All of the eligibility criteria for the reference services A7, A8, A11, B1, B2, C7, C8, C19, C20 and C22 at the connection points applicable to the capacity relocation are met; and 4. The increase and decrease of contracted capacity relate to contracted maximum demand (CMD); and 5. The same reference service is provided at the connection point to each user; and 6. The user has an access contract and the Capacity Allocation Service is required at a connection point specified in that access contract; and 7. The Western Power Network has the technical capability to give effect to the increase and decrease of contracted capacity; and 8. The service does not include any material modification of the facilities and equipment connected at an existing connection point; and 9. No further augmentation of the Western Power Network is required to facilitate the capacity allocation arrangements; and 10. Terms and conditions, incorporating an operating document setting out the practical, technical and other operational details of the capacity allocation (swap) arrangements have been agreed between the user(s) at the relevant connection points and Western Power; and 11. The provision of the service does not result in the user/s, Western Power, system management or the market operator being unable to comply with their obligations under the WEM Rules; and 12. Where it is at the same connection point: a. Each user at the connection point has agreed with Western Power for Western Power to freely provide energy data to each user (and to the market operator) to give effect to the capacity allocation arrangements; and b. Each user at the connection point enters into a deed with the benefit to Western Power covenanting that they are jointly and severally liable for

	each other's contractual and other regulatory obligations in respect to the connection point.
Applicable Reference Tariff:	Any applicable lodgement fees payable in accordance with the Applications and Queuing Policy. Where the user seeks a relocation in accordance with criterion 1 of the *eligibility criteria* the tariff payable by the user will be in accordance with the following requirements: • The tariff is the exit or bi-directional *reference tariff* nominated by the User in its *Electricity Transfer Application* that applies to all the nominated *Connection Points* for this Service. • The *Charges* that apply will be calculated as if the User had a single *Connection Point* with a single administration Charge. The resultant *Charges* will then be divided by the number of exit/bi-directional Points at the commercial premises and allocated equally to each *Connection Point* in the group[11]. • A single administration charge is payable for each Connection Point it must be calculated by dividing the single fixed administration charge equally over the total number of Connection[12] Points. • For CMD, the *Charges* are calculated based on the total combined CMD. The resultant Charges will then be divided by the number of Exit Points and allocated equally to each Exit Point in the group. • Where a *Covered Service* applies at each Connection Point. The total nominated CMD is usually divided equally by the number of Connection Points. However, due to operational requirements, the User may be required or permitted to nominate a CMD at each *Connection Point*, in unequal proportions of the total CMD for the group of Connection Points. • The Excess Network Usage Charge (ENUC) will also be calculated based on the total combined CMD and then divided and allocated equally to each Exit Point in the group. • The electrical distance used in calculating the variable demand length charge is the average electrical distance. • The relevant charge associated with a Pricing Zone or Substation is the electrically closest Substation.
Applicable Standard Access Contract:	"Electricity Transfer Access Contract" published in Appendix A of the access arrangement.

[11] Note: These items may form and be detailed part of the tariff calculation requirements under the Price List for this.

[12] Note: Under the 2033/23 Price List – Clause 4.1 At WP's discretion, the charges detailed below may be discounted where there are multiple exit points on the same premises that are configured in a non-standard way. These discounts include, but are not limited to, only charging one administration charge per site.

Applicable Service Standard Benchmarks:	The service standard benchmarks (set out in Section 4.2 of the access arrangement) that apply to: 1. exit services A7, A8 and A11; 2. entry services B1 and B2; and 3. bi-directional services C7, C8, C19, C20 and C8C22 (as applicable). Where a User seeks a relocation in accordance with criterion 1 of the eligibility criteria the applicable service standard benchmark is 10 business days[13].

[13] Refer to ENAC section A3.20.

Attachment – 2.1

Synergy's combined B3/C15 – Service facilitating a distributed generation or other non-network solution

Reference Service Name:	**Reference Service B* - Service facilitating a distributed generation or other non-network solution**
Reference Service Description:	A service ancillary to an exit service, entry service or bi-directional service for WP to calculate and provide a discount in accordance with sections 7.9 and 7.10 of the ENAC, the policies under section 7.11 of the ENAC and the Economic Regulation Authority's "Guideline on factors that will be considered in new facilities investment test determinations including methods to value net benefits".
Eligibility Criteria:	Users are eligible to use this service if: 1. The user has submitted an electricity transfer application for this Reference Service.
Applicable Reference Tariff:	The tariff should be either a: • published tariff in the price list approved by the ERA; or • a described method to calculate the tariff, detailed in the required policies under ENAC section 7.11, and within the access arrangement approved by the ERA.
Applicable Standard Access Contract:	"Electricity Transfer Access Contract" published in Appendix A of the access arrangement.
Applicable Service Standard Benchmarks:	20 business days

Attachment – 2.2

Synergy's Proposed amendments to the AQP for the prudent discount calculation reference service

"ancillary service" means one or more of the following *reference services*: *supply abolishment service*, *capacity allocation service*, *remote direct load/inverter control service*, remote de-energise service, remote re-energise service, site visit to support remote re-energise service, manual de-energise service, ~~and~~ manual re-energise service and <the prudent/distributed generation discount reference service in Appendix E of the access arrangement>.

7.1 Where Applicant Seeks a Reference Service

(a) An applicant who seeks a reference service must pay to Western Power the lodgement fee in the price list specified as being applicable to the applicant's application in this applications and queuing policy, which will be:

(i) a new connection point fee;

(ii) an access contract modification fee;

(iii) a new standard access contract fee;

(iv) a capacity allocation service fee;

(v) a remote load/inverter control service fee, remote load limitation service, remote re-energise service fee or remote de-energise service fee; or

~~(vi) a distributed energy or other non-network solution assessment fee.~~

(b) If the applicant is not an existing user, then the lodgement fee must be paid at the time the applicant lodges its electricity transfer application…

7.4 Where *Applicant* seek a prudent discount or distributed generation discount

{Note: This process applies to reference service # under Appendix E of the access arrangement.}

7.4.1 An *applicant*, subject to clause 3.3, who seeks to use an *ancillary service* for Western Power to calculate and provide a *prudent discount* or *distributed generation discount* must submit an *electricity transfer application* using the published *application form*.

7.4.2 For the avoidance of doubt, a related *connection application* is not required.

7.4.3 The *applicant* must provide the required information, in relation to its proposed initiative, detailed in the *application form* including the *applicant's* proposed reduction in peak demand and the proposed location.

7.4.4 Western Power must notify the *applicant* that it has received and is processing the *applicant's electricity transfer application* within 5 business days.

7.4.5 If the *applicant* is not an existing *user*, then the discovery *lodgement fee* must be paid at the time the *applicant* lodges its *electricity transfer application*.

7.4.6 If the *applicant* is an existing *user*, then the discovery *lodgement fee* will be added to the next invoice under the *user's* existing *access contract*.

7.4.7 Western Power must provide the *applicant* with the following information (C**alculation Attributes**) in relation to the initiative in the *applicant's application*, within 20 business days:

- The approved *new facilities investment*
- The approved *capital-related costs* and applicable time period
- The approved *non-capital costs* and applicable time period
- The investment expenditure rules related to requiring (or triggering) the approved *new facilities investment*

7.4.8 The applicant, within 20 business days after receiving the calculation attributes in clause 7.4.7, must;

(a) request Western Power to calculate any reductions in either or both of Western Power's *capital-related costs* or *non-capital costs* which arise in relation to the *applicant*'s proposed initiative; or
(b) the *application* will be deemed to have been withdrawn.

7.4.9 Western *Power* must perform the calculations in clause 7.4.8(a) in accordance with Appendix # of the *access arrangement* and the Calculation Attributes; and provide the amount of calculated reduction in costs (**Discount**), applicable time period and supporting information to the *applicant* within 20 business days of the *applicant's* request under clause 7.4.8.

7.4.9 If the applicant requests Western Power to perform the calculation in clause 7.4.8(a) then:

(a) If the *applicant* is not an existing *user*, then the calculation *lodgement fee* must be paid at the time the *applicant* lodges its *electricity transfer application*.
(b) If the *applicant* is an existing *user*, then the calculation *lodgement fee* will be added to the next invoice under the *user's* existing *access contract*.

7.4.8 The *applicant* and Western Power may agree to extend the time in clause 7.4.7, 7.4.8 and 7.4.9.

7.4.10 The *applicant,* subject to implementing the proposed initiative in clause 7.4.3, may set-off the Discount calculated in under7.4.9 against the tariffs payable by the *applicant* for the *covered services* under its *access contract*.

{Note: The *applicant*, if it has not implemented proposed initiative in clause 7.4.3, may need to implement the initiative before the Discount can be provided. Including, if required making a *connection application* to connect equipment and facilities to the *network* to implement the initiative.}

7.4.11 The *applicant* and Wester Power may agree, under an *access contract*, a different arrangement to clause 7.4.10 for applying the Discount to the tariffs payable by the *applicant* for the *covered services* under its *access contract*.

Attachment – 2.3

Discount calculation method for the B3/C15 Service facilitating a distributed generation or other non-network solution

Method for calculating a discount under sections 7.9 and 7.10 of the Access Code

The information provided in this method is required by section 7.11 of the Access Code. It provides a detailed mechanism for determining when a user will be entitled to receive a discount under sections 7.9 and 7.10 of the Access Code and for calculating the discount to which a user will be entitled.

Western Power will apply the following method to determine a prudent discount or discount for distributed generating plant or non-network solutions. The method will compare:

- ***Base case*** capital-related costs and non-capital costs, with
- ***Project case*** capital-related costs and non-capital costs.

The *base case* relates to Western Power's capital-related costs and non-capital costs that are:

- Included in ERA approved target revenue for any access arrangement period
- Forecast to be incurred beyond any access arrangement period for which the ERA has made a target revenue determination, under the assumption that a user's prudent discount or distributed generation initiative were not to be implemented.

The *project case* relates to Western Power's forecast capital-related costs and non-capital costs that are anticipated to be incurred if a user's prudent discount or distributed generation or non-network solution initiative were to be implemented as planned by the user.

When calculating a prudent discount or discount for distributed generating plant or non-network solutions, Western Power will provide reasonable information to an applicant regarding how capital-related costs and non-capital costs in its calculations relate to the investment drivers for the expenditure categories, including:

- Capacity expansion expenditure
- Asset replacement expenditure
- Wood pole management expenditure
- Stand-alone power systems expenditure, and
- Reliability driven expenditure

Investment drivers will be clearly defined, measurable values. Capital-related costs are assumed to be triggered when a forecast of the investment driver value exceeds a forecast of the relevant network planning value for the expenditure category. To provide three examples:

1. In the case of capacity expansion expenditure, a network planning value could be the de-rated thermal limit of a network feeder, expressed in MVA. Capital-related augmentation expenditure is triggered when a forecast of peak loading on the network feeder exceeds the de-rated thermal limit.
2. In the case of asset replacement expenditure, the network planning value may be an asset life limit. Capital-related asset replacement expenditure is triggered when the projected age of a network asset exceeds its asset life limit.

3. In the case of reliability driven expenditure, the network planning value may be a service standard or reliability standard. Capital-related asset replacement expenditure is triggered when the forecast reliability metric exceeds the service standard or reliability standard.

Western Power will provide to an applicant on request:

- A forecast of the network planning value given in the relevant unit of measurement (e.g., MVA in the case of capacity expansion expenditure, replacement life in the case of asset replacement expenditure) under the *base case*
- Western Power's forecast of the associated investment driver value (e.g., peak loading in the case of capacity expansion expenditure, asset life in the case of asset replacement expenditure, a reliability metric in the case of reliability driven expenditure) under the *base case*
- Western Power's forecast of the associated investment driver value under the *project case*, which accounts for the capacity of a proposed prudent discount or distributed generation or non-network solution initiative to impact Western Power's investment driver.
- Western Power's forecast of the associated network planning value under the *project case*.

Western Power will provide detailed information on is calculation of non-capital costs under the *base case* and the *project case*.

On request, Western Power will provide to an applicant detailed information on how these investment drivers impact the following calculations.

The discount D_t that applies in year t is given by the amortisation formula:

$$D_t = S \times \frac{r \times (1+r)^Y}{(1+r)^Y - 1}, \qquad t = 1,2,3, \dots, Y,$$

where:

- S is the present value of reductions in either or both of Western Power's capital-related costs or non-capital costs which are anticipated to arise because of a proposed prudent discount or distributed generation or non-network solution initiative,
- r is the Weighted Average Cost of Capital as set out in section 5.4 of the Access Arrangement that applies in the current pricing year $t = 0$, and
- Y is the period over which the present value assessment is to occur which is 15 years unless otherwise agreed between Western Power and the user.

S is given by:

$$S = \hat{P} - P,$$

where, further to variables and parameters previously defined:

- P is the present value of Western Power's forecast capital-related costs and non-capital costs that would be incurred over Y years from year $t = 0$ under the *base case*, and
- $\hat{P}$ is the present value of Western Power's forecast capital-related costs and non-capital costs that are anticipated to be incurred over Y years from year $t = 0$ under the *project case*.

P is given by the present value formula:

$$P = \sum_{t=1}^{Y} \frac{A_t + R_t + C_t + N_t}{(1+r)^t},$$

where, further to variables and parameters previously defined:

- The symbol Σ indicates summation notation
- A_t is Western Power's forecast of approved capital-related augmentation costs in year t under the *base case* expressed in nominal dollars
- R_t is Western Power's forecast of approved capital-related asset replacement costs in year t under the *base case* expressed in in nominal dollars,
- C_t is Western Power's forecast of approved other capital-related costs, i.e., capital-related costs in year t that are not augmentation costs or asset replacement costs, in year t under the *base case*, expressed in nominal dollars, and
- N_t is Western Power's forecast of non-capital costs in year t under the *base case*, expressed in nominal dollars.

$\hat{P}$ is given by the present value formula:

$$\hat{P} = \sum_{t=1}^{Y} \frac{\hat{A}_t + \hat{R}_t + \hat{C}_t + \hat{N}_t}{(1+r)^t},$$

where, further to variables, parameters and operators previously defined:

- $\hat{A}_t$ is Western Power's forecast capital-related augmentation costs that are anticipated to be incurred in year t under the *project case* expressed in nominal dollars
- $\hat{R}_t$ is Western Power's forecast capital-related asset replacement costs that are anticipated to be incurred in year t under the *project case* expressed in nominal dollars
- $\hat{C}_t$ is Western Power's forecast of other capital-related costs, i.e., capital-related costs that are not augmentation costs or asset replacement costs, that are anticipated to be incurred in year t under the *project case* expressed in nominal dollars, and
- $\hat{N}_t$ is Western Power's forecast of non-capital costs that are anticipated to be incurred in year t under the *project case* expressed in nominal dollars.

As part of this calculation mechanism under section 7.11 under the Access Code, Western Power has provided a blank template (see Access Arrangement, Appendix …) so that an applicant can enter values for calculating the discount to which the user will be entitled.

When an application is made, Western Power will provide a copy of template with filled in variables and parameters to demonstrate how the discount to which the user will be entitled was calculated.

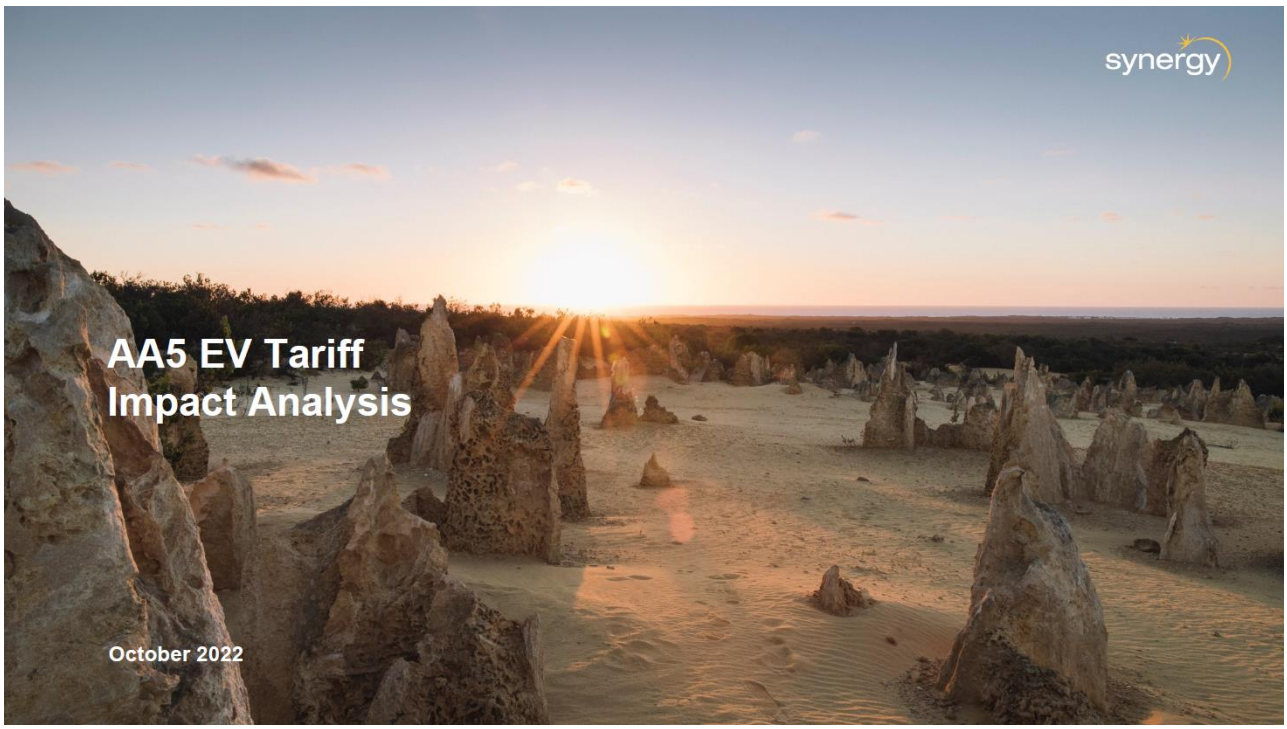
Attachment – 2.4

Discount calculation template for the B3/C15 reference services

(Excel spreadsheet)

Attachment – 3

WP EV tariff impact analysis and proposed changes



EV Tariff Design Context & Principles

synergy

Context

The ERA in its AA5 draft decision required WP to modify the proposed tariffs for electric vehicles to take account of the matters raised in stakeholder submissions. The ERA agreed with stakeholders the suggested new tariff for electric vehicle charging services has greater potential than the tariff included in Western Power's proposal to facilitate the roll out of public electric vehicle charging infrastructure.

Design principles

Synergy gave regard to the following tariff design principles in conducting its analysis and developing its proposed recommendations for the low and high voltage Electric Vehicle (EV) Charging tariffs (RT40, RT41):

1. Maintain the WP's proposed EV tariff structure consisting of:
   - Utilisation factors
   - Energy (kWh) tariff components
   - Demand (kVA) tariff components
2. Incentivise the connections of commercial EV charging stations that support high capacity charging stations
3. Give regard to current EV network tariff design considerations in the NEM where EV operators are able to opt out of kVA based tariff components while consuming <160MWh/annum (or in some cases <100MWh/a)
4. Provide an EV tariff design that provides a greater incentive for use than the Super Off-Peak Energy (Business) Bi-directional tariff (RT32/37)
5. Provide enough flexibility to be used in a way that balances customer needs and affordability

AA5 IMPACT ANALYSIS

Scope and Assumptions

Scope of Work

- This analysis has been completed to determine the impact of the proposed Western Power EV Network Tariff and to propose improvements so that the ERA objectives for the tariff are met

Data Sources

- Data utilised in this analysis includes Synergy customer sites (8 sites) and anonymised site data from the Electric Vehicle Council (12 sites)
- Utilisation Factor and max demand are included in Appendix A

Assumptions

- Utilisation Factor is taken from the AA5
  "Western Power intends to define "utilisation" for this reference tariff as the proportion of intervals over a billing period that exceed a defined threshold"
- Demand charges have similarly been applied to the entire billing period (monthly) to align with utilisation

Modelled Pricing

As per the latest update from Western Power

Bundled tariff	Utilisation	Fixed Price	Energy Rates		
	%	c/day	Off-Peak c/kWh	On-Peak c/kWh	Demand On-peak c/kVA/day
Reference tariff 40 – RT40	0 – 10	350.000	6.000	16.000	0.000
	10 – 20	350.000	3.000	8.000	15.000
	20 – 30	350.000	1.500	4.000	30.000
Reference tariff 41 – RT41	0 – 10	350.000	6.000	16.000	0.000
	10 – 20	350.000	3.000	8.000	15.000
	20 – 30	350.000	1.500	4.000	30.000

Comparison to TOU Tariff

Changes from initial tariff are a step in the right direction, but not far enough

- Changed time definition of utilisation factor reduces instances of >10%, however, some existing sites do reach higher UF bands
- For UF <10%, EV tariff would be better across some existing sites, even when accounting for the higher daily supply charge
- However, the majority of sites modelled would be better off on the RT37 without exposing the operator to additional risk

RT37 (TOU) vs EV Tariff (-ve number means RT37 cheaper)

	EVC1	EVC2	EVC3	EVC4	EVC5	EVC6	EVC7	EVC8	EVC9	EVC10	EVC11	EVC12
Nov-21	13	- 18	- 1,817	1	- 10	- 1	2	- 1	- 989	- 523	37	- 839
Oct-21	3	- 6	- 5	22	- 4	- 27	8	4	- 50	- 1,112	- 14	- 28
Sep-21	- 6	- 36	- 5	3	6	- 17	- 0	- 32	- 56	- 917	10	- 28
Aug-21	1	13	- 78	- 3	3	- 122	- 0	4	- 17	- 139	- 1	- 46
Jul-21	1	- 30	- 612	- 32	3	- 614	- 10	- 46	- 661	- 1,706	- 13	- 654
Jun-21	- 1	- 51	- 769	- 76	- 28	- 713	- 30	- 29	- 2,413	- 2,899	- 14	- 1,387
May-21	- 28	- 37	- 1,283	- 26	- 13	- 45	- 7	- 37	- 1,366	- 1,721	- 26	- 865
Apr-21	- 22	- 50	- 2,327	- 169	- 60	- 73	4	- 165	- 1,904	- 1,297	- 36	- 1,269
Mar-21	- 32	- 8	- 1,419	- 20	- 15	19	- 5	23	- 533	- 1,582	- 24	- 661
Feb-21	1	- 19	- 428	- 38	4	- 44	- 10	2	- 440	- 1,171	- 9	- 419
Jan-21	- 10	23	- 873	- 16	- 11	- 34	- 14	- 11	- 634	- 1,406	- 20	- 1,591
Dec-20	- 24	- 14	- 1,479	- 32	- 45	- 7	- 6	- 14	- 1,442	- 1,476	- 7	- 1,329
Nov-20	3	- 0	- 948	2	45	- 16	7	9	- 706	- 1,179	- 5	- 649
Oct-20	- 17	12	26	0	15	- 18	- 6	37	- 731	- 1,328	- 7	- 624
Sep-20	6	- 52	- 7	- 31	- 17	- 675	- 28	- 9	- 650	- 925	- 62	- 608
Aug-20	- 14	- 46	- 49	- 20	3	- 1,294	5	- 6	- 660	- 909	- 5	- 648
Jul-20	- 1	- 25	- 1,686	- 9	- 10	- 764	- 33	- 88	- 1,305	- 1,407	- 50	- 1,070

Guildford Case Study

Changes a step in the right direction, but not far enough

- The reduction in demand charge is good, but still not good enough.
- For a 100kW charger the difference between 7% and 12% UF is worth $372 (see table right)
- This introduces considerable cost risk and may create incentives where operators would be better off turning off a charging station if close to UF boundary as the additional cost could not be recovered through the additional revenue
- **Solution:** create more UF bands that progressively increases the demand charge rather than a step increase. This will reduce risk for operators allowing them to take advantage of the more beneficial variable charge for UF <10%

Comparison of RT37 (TOU) and RT41 (EV) for a Guildford fast charger

	Max Demand (kW)	Utilisation Factor	TOU Cost ($)	EV Cost ($)	$/kWh	TOU - EV
06/2022	96	14%	443	684	0.16	-241
05/2022	94	12%	291	645	0.22	-354
04/2022	91	7%	246	273	0.15	-27

Scenario Testing

What demand is needed for EV tariff to be better than TOU

- At low UF, very small amount of vehicles per day are needed to make EV Network Tariff better off (depends on load profiles)
- As UF and charger size increases, the balancing point increases considerably.
- Current demand estimates out to 2026 suggests that we would use the RT37 to guard against UF risk.

Number of full vehicle recharges per day per site for EV Tariff to be better than RT37

	Max Demand (assume hits nameplate)			
Utilisation Factor (UF)	50	75	150	300
<10%	0.14	0.14	0.14	0.14
10 – 20%	2.01	3.00	5.96	11.88
>20%	2.91	4.34	8.66	17.30

Current Demand: 0.25 to 0.65 vehicles per day
Expected 2026 Demand: 0.9 to 2.5 vehicles per day
Expected 2029 Demand: 1.52 to 4 vehicles per day

Summary of Western Power Proposal

Synergy would be unlikely to use the proposed tariff in favour of the RT37

Some improvements from previous:
- When UF<10%, some sites are better off on EV tariff. This benefit will increase with increased demand as long as UF <10%
- The reclassification of UF time periods means that low demand sites could take advantage of this

Still Too Risky:
- The impact of incurring the demand charge is still too great. Although this demand charge has been reduced, it is still not conducive for 75kW+ chargers
- The stepped nature of Utilisation Factor also creates risk when approaching a 9% and 19% boundary. An operator would be better off closing a site down until the end of the billing period rather than incur the additional network costs

Designing a New Tarif

What would a better tariff look like?

Intent of the Tarif

"Given that EV charging infrastructure is an emerging industry, Western Power considers a new better structured tariff has more potential to **assist the uptake of EVs in Western Australia.** The intent of the proposed new EV charging infrastructure tariff is to provide a tariff structure that transitions from a **predominantly volumetric charging regime to a demand-based charging regime as the utilisation of the facility increases.**"

Design Statement

How do we develop a tariff that assist the uptake of EVs in WA whilst acknowledging the need for demand-based charging?

Solutions

- **Lower impact of Charger Size:** improve the commerciality of installing higher kW charges when compared to existing technology (22, 50 and 75kW)
- **Reduce Block Increases in Costs :** Improve predictability of costs through re-banding of utilisation factor
- **Share Risk:** Share demand risk
- **Comparability:** make a viable alternative to RT37

Acknowledgements of Limitations

- Recognise that AA6 will need to revisit EV tariffs due to the uncertainty in demand and the competitive landscape

Suggested Pricing

Proposed Changes:

- Utilisation factor increased in 1% bands: Removes cost shock at UF boundaries
- Existing decreased variable as demand component increases
- Revision of max demand calculation as some base value + actual max demand / scalar e.g. for a site with a max demand of 300kW and an agreed base value of 50, the max demand used will be (50 + 300/10) = 80.
- Actual variable and demand charges can be set to provide alternative to RT37

UF Lower Bound	UF Higher Bound	Fixed	Off Peak	On Peak	Demand
0	10	3.5	0.06	0.16	0
10	11	3.5	0.05	0.12	0.03
11	12	3.5	0.05	0.12	0.0485
12	13	3.5	0.04	0.1	0.067
13	14	3.5	0.04	0.1	0.0855
14	15	3.5	0.03	0.08	0.104
15	16	3.5	0.02	0.06	0.1225
16	17	3.5	0.02	0.06	0.141
17	18	3.5	0.02	0.06	0.1595
18	19	3.5	0.02	0.06	0.178
19	20	3.5	0.02	0.06	0.1965
20	21	3.5	0.015	0.04	0.215
21	22	3.5	0.015	0.04	0.2335

Impact EVC Data

Proposed pricing accomplishes the design goals

- New pricing accomplishes the design goals put forward
- New technology is incentivised as large jumps in cost due to demand charges are no longer present
- Costs are smoothed across UF bands
- Additionally, the consumption during peak periods is still discouraged. For EVC 12, the reason why RT37 switches with EV tariff is due to the peak consumption being <25% between Oct-20 to Apr-21 where as May-21 to Nov-21, peak consumption was >25%.

RT37 (TOU) vs New EV Tariff (-ve number means RT37 cheaper)

	EVC1	EVC2	EVC3	EVC4	EVC5	EVC6	EVC7	EVC8	EVC9	EVC10	EVC11	EVC12
Nov-21	9	-22	-71	-3	-14	-5	-2	-5	274	52	33	-27
Oct-21	-1	-10	-9	18	-8	-31	3	0	-54	-95	-18	-33
Sep-21	-10	-40	-9	-1	2	-21	-5	-36	-60	-77	6	-32
Aug-21	-4	9	-82	-7	-2	-126	-4	-1	22	-144	-5	-50
Jul-21	-4	-34	8	-37	-2	-34	-14	-50	16	-77	-17	-31
Jun-21	-5	-55	-122	-80	-32	86	-34	-33	-93	-2	-18	-73
May-21	-32	-42	45	-30	-17	-50	-11	-41	41	8	-30	-58
Apr-21	-26	-54	116	-82	-64	-77	0	1	236	251	-40	157
Mar-21	-36	-13	52	-24	-20	15	-9	19	208	31	-29	157
Feb-21	-3	23	119	-41	0	-47	-14	-2	206	58	-13	145
Jan-21	-14	19	143	-21	-15	-39	-18	-15	313	153	-24	270
Dec-20	-28	-18	269	-37	-49	-11	-11	-18	279	346	-11	304
Nov-20	-1	-4	-27	-3	40	-20	3	5	240	122	-9	141
Oct-20	-21	8	22	-4	10	-22	-11	33	199	59	-11	179
Sep-20	2	-56	-11	-35	-21	4	-32	-13	60	-82	-66	-59

RT37 (TOU) vs Old EV Tariff (-ve number means RT37 cheaper)

	EVC1	EVC2	EVC3	EVC4	EVC5	EVC6	EVC7	EVC8	EVC9	EVC10	EVC11	EVC12
Nov-21	13	-18	-1,817	1	-10	-1	2	-1	-989	-523	37	-839
Oct-21	3	-6	-5	22	-4	-27	8	4	-50	-1,112	-14	-28
Sep-21	-6	-36	-5	3	6	-17	-0	-32	-56	-917	10	-28
Aug-21	1	13	-78	-3	3	-122	-0	4	-17	-139	-1	-46
Jul-21	1	-30	-612	-32	3	-614	-10	-46	-661	-1,706	-13	-654
Jun-21	-1	-51	-769	-76	-28	-713	-30	-29	-2,413	-2,899	-14	-1,387
May-21	-28	-37	-1,283	-26	-13	-45	-7	-37	-1,366	-1,721	-26	-865
Apr-21	-22	-50	-2,327	-169	-60	-73	4	-165	-1,904	-1,297	-36	-1,269
Mar-21	-32	-8	-1,419	-20	-15	19	-5	23	-533	-1,582	-24	-661
Feb-21	1	-19	-428	-38	4	-44	-10	2	-440	-1,171	-9	-419
Jan-21	-10	-23	-873	-16	-11	-34	-14	-11	-634	-1,406	-20	-1,591
Dec-20	-24	-14	-1,479	-32	-45	-7	-6	-14	-1,442	-1,476	-7	-1,329
Nov-20	3	-0	-948	2	-45	-16	7	9	-706	-1,179	-5	-649
Oct-20	-17	12	26	0	15	-18	-6	37	-731	-1,328	-7	-624
Sep-20	6	-52	-7	-31	-17	-675	-28	-9	-650	-925	-62	-608
Aug-20	-14	-46	-49	-20	3	-1,294	5	-6	-660	-909	-5	-648
Jul-20	-1	-25	-1,686	-9	-10	-764	-33	-88	-1,305	-1,407	-50	-1,070

Appendix A. Model Data

Charger Maximum Demand (kVA)

	EVC1	EVC2	EVC3	EVC4	EVC5	EVC6	EVC7	EVC8	EVC9	EVC10	EVC11	EVC12
Nov-21	49	49	254	50	131	140	46	46	308	173	136	231
Oct-21	49	49	201	51	71	125	46	48	183	161	75	142
Sep-21	50	48	86	51	72	86	43	47	110	220	68	118
Aug-21	0	52	125	51	133	115	14	47	110	143	107	130
Jul-21	0	51	155	50	120	163	50	49	168	228	89	173
Jun-21	51	49	197	51	129	215	50	50	322	392	96	201
May-21	52	49	193	52	99	160	50	48	202	244	102	234
Apr-21	51	50	337	50	135	103	50	49	301	229	93	214
Mar-21	50	49	214	51	107	108	48	48	196	231	116	223
Feb-21	50	48	168	50	112	113	47	48	185	201	81	184
Jan-21	48	49	234	48	110	197	46	48	261	224	116	260
Dec-20	49	48	246	50	84	111	46	48	243	255	131	233
Nov-20	50	49	260	50	105	122	44	47	254	199	110	227
Oct-20	49	49	84	51	115	116	47	48	234	200	110	214
Sep-20	50	50	111	51	107	174	48	49	190	140	104	167

Charger Utilisation Factor

	EVC1	EVC2	EVC3	EVC4	EVC5	EVC6	EVC7	EVC8	EVC9	EVC10	EVC11	EVC12
Nov-21	0%	6%	20%	5%	2%	6%	0%	2%	12%	17%	3%	10%
Oct-21	0%	5%	6%	3%	1%	5%	1%	4%	8%	22%	2%	10%
Sep-21	0%	3%	2%	1%	1%	1%	0%	3%	6%	13%	0%	6%
Aug-21	0%	1%	5%	2%	0%	9%	0%	1%	3%	8%	1%	6%
Jul-21	0%	3%	12%	3%	2%	16%	1%	5%	12%	21%	1%	16%
Jun-21	2%	7%	18%	8%	4%	16%	3%	6%	26%	30%	3%	23%
May-21	3%	5%	21%	6%	3%	6%	2%	8%	21%	28%	2%	19%
Apr-21	3%	5%	32%	10%	7%	9%	2%	11%	26%	31%	5%	27%
Mar-21	3%	3%	24%	8%	2%	7%	2%	6%	16%	30%	4%	17%
Feb-21	1%	4%	16%	6%	3%	7%	2%	2%	16%	25%	1%	18%
Jan-21	1%	6%	11%	4%	5%	9%	3%	4%	19%	28%	6%	25%
Dec-20	3%	5%	24%	8%	7%	7%	3%	6%	26%	38%	3%	30%
Nov-20	1%	5%	10%	3%	2%	7%	1%	6%	14%	30%	3%	15%
Oct-20	2%	1%	2%	2%	3%	6%	2%	4%	13%	21%	2%	14%
Sep-20	0%	5%	4%	6%	4%	12%	2%	3%	13%	21%	3%	17%