



Notice

4 September 2015

Application for an exemption from certain requirements of the Technical Rules submitted by Western Power

DETERMINATION

The Economic Regulation Authority (ERA) has determined that an exemption from the Technical Rules is not required to enable Western Power to provide an increase in the Contract Maximum Demand (CMD) for Newmont Mining (Newmont) at Parkeston in the Eastern Goldfields.

The ERA is of the view that Western Power's proposed solution to provide an increase in CMD to Newmont is compliant with the Technical Rules and notes that Western Power, subsequent to lodging its application, has confirmed an exemption is not required.

BACKGROUND

Western Power submitted an application to the ERA for exemption from the Technical Rules on 3 July 2015. The application was for a temporary exemption from compliance with clause 2.5.2.2 of the Technical Rules (requirement to base reliability on an N-1 criterion) to enable Western Power to provide an increased supply capacity requested by Newmont in the Eastern Goldfields region.

In considering whether to approve Western Power's application for exemption from certain aspects of the Technical Rules, the ERA must, having regard to the effect the proposed exemption will have on the service provider and users of the network and any interconnected network, grant the exemption if it determines that in all circumstances, the disadvantages of requiring compliance with the Technical Rules are likely to exceed the advantages.

The ERA prepared an issues paper and sought public comment on Western Power's application from interested parties. The ERA received two public submissions on the application from Community Electricity and BHP Billiton, which have been published on the ERA's [website](#).

The ERA appointed a technical advisor, Geoff Brown and Associates (GBA), to provide advice and a report in relation to Western Power's application. GBA noted that:

The proposed time-constrained increase in Newmont's CMD is designed to take advantage of interconnector power transmission capacity at times when the capacity is unlikely to be otherwise used. It will therefore not cause any material increase in the peak demand on either the interconnector or the Goldfields transmission system. Newmont's voluntary load shedding arrangement should ensure that, in the event of credible contingency arising, there will be no material adverse impact on other network users as a consequence of the CMD increase.¹

¹ Geoff Brown & Associates Ltd, *Review of Western Power's Application for a Technical Rules Exemption for Newmont Mining Services*, 20 August 2015, Page 5.

GBA concluded that:

Western Power can provide a time-constrained increase in Newmont's CMD to 45 MW, as proposed in its Application, without any material adverse technical impact on other network users and without any augmentation to the existing network. We have not been able to identify any technical reason for Western Power not to agree to the CMD upgrade.

The proposed time-constrained CMD adjustment will increase the revenue Western Power receives from Newmont. As Western Power is subject to a revenue cap, this will have a positive financial and economic impact on other network users.²

However, GBA considered an exemption from the Technical Rules was not required:

We do not believe that it is necessary for the Economic Regulation Authority to grant any exemptions to the Technical Rules in order for the proposed time-constrained increase in Newmont's CMD to be provided. This is because the augmentations that Western Power considers would be needed if the exemptions are not granted would provide a quality of supply to the affected users over and above the quality they currently receive. We are unable to identify any provision in the Technical Rules that requires this.³

Following further discussion, Western Power has agreed that its proposed solution to increase CMD to Newmont is compliant with the Technical Rules and does not require an exemption. Western Power provided a [letter](#) confirming this on 26 August 2015.

In relation to the concerns raised in BHP Billiton's submission, Western Power has stated the proposed solution will not materially impact other users. The ERA notes Western Power will need to comply with its Application and Queuing Policy when dealing with customer connection requests.

Based on the advice provided by GBA, and Western Power's letter confirming that an exemption is not required, the ERA has determined it is not appropriate to approve Western Power's exemption application.

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² Geoff Brown & Associates Ltd, *Review of Western Power's Application for a Technical Rules Exemption for Newmont Mining Services*, 20 August 2015, Page 9.

³ Geoff Brown & Associates Ltd, *Review of Western Power's Application for a Technical Rules Exemption for Newmont Mining Services*, 20 August 2015, Page 9.