

Noel Schubert

10 November 2021

Ms Elizabeth Walters
Economic Regulation Authority
4th Floor Albert Facey House
469 Wellington Street
Perth 6000

Submission re: Western Power model alternative options contract consultation

Dear Elizabeth,

Thank you for the opportunity to comment on Western Power's proposed model alternative options contract (model contract). I am providing this submission as an independent submission even though I am a member of the WA Expert Consumer Panel (representing small-use consumers) and a member of the WA Market Advisory Committee. I have not had the time to work with other members of the consumer panel on this for the panel as a whole to provide a submission.

Access Code requirements on Western Power

I acknowledge that this is the first time Western Power has had to prepare a model alternative options contract, a Network Opportunity Map (NOM) and an Alternative Options Strategy (AOS). The NOM is very comprehensive.

These three documents are interdependent and are meant to work together to make it easier and more attractive for alternative options proponents to provide efficient non-network solutions to Western Power.

The Access Code changes that introduced these requirements were intended to encourage proponents of alternative options to offer such options to Western Power where they would be more (economically) efficient than conventional network solutions.

When making the changes to the Access Code, Energy Policy WA noted that third-party service providers had found it difficult to identify, propose and contract for non-network solutions.

Western Power has enthusiastically embraced the use of stand-alone power systems (SPS), community batteries, and microgrids as alternative options in its network. These involve appealing new technologies, require significant capital expenditure and seem to appeal more to Western Power - like conventional network augmentations that can be added to its capital base on which it earns a return – than more conventional alternative options like demand-side management.

The use of demand-side management, as alternative options, is still in its infancy in the SWIS and by Western Power, compared to its use elsewhere in Australia and overseas.

Interstate examples

For example, Appendix A provides some web links to other Australian demand-side management plan, demand-side engagement strategies and program information. A web search would reveal other examples.

I suggest that the ERA and Western Power compare in detail these interstate examples with the documents developed by Western Power if this has not already been done.

How do Western Power's documents and programs compare?

Compared to these examples, I ask the ERA and Western Power to consider whether the proposed model contract, the NOM and the AOS effectively encourage alternative options proponents to offer alternative options (other than SPS, batteries and microgrids) to Western Power or do these Western Power documents discourage or limit such offers due to the way they are worded and/or the information they include and don't include?

To use an analogy: do these documents as they are currently drafted encourage alternative options proponents to "come and fly with the Western Power airline"?

How do the documents compare to those in use in Queensland, and for that matter in other jurisdictions in Australia and overseas?

Is a traditional tender procurement process an effective way to obtain alternative options from the market, or should Western Power be working with providers (and customers as in Queensland) more towards an 'alliance' or more cooperative approach to engage available potential? The model contract seems to be worded very traditionally based on normal tendering processes.

I suggest that Western Power could engage a consultant that specialises in demand-side management, alternative options, and non-network solutions to advise Western Power on how to produce documentation, processes and programs that are effective at obtaining efficient alternative options offers from proponents and engaging with such proponents and customers.

I can provide the ERA and Western Power a hardcopy example of public-domain documentation for customers - developed by consultants for the former vertically integrated Western Power for the 2004 Peak Demand Saver program - to obtain peak demand reduction capacity for the next summer after power restrictions in February 2004. It is worded to encourage participation by large customers and organisations and was successful in doing so. The customer-friendly design of the documents is notable and I consider this to be essential in order to obtain available, efficient alternative options potential.

I would be pleased to discuss my submission in more detail.

Yours sincerely,

Noel Schubert

Appendix A - Web links

1. Energy Queensland (Ergon and Energex) Demand-side Engagement Strategy:
https://www.ergon.com.au/_data/assets/pdf_file/0003/165819/Demand-Side-Engagement-Strategy.pdf
2. Energy Queensland (Ergon and Energex) Demand Management Plan:
https://www.ergon.com.au/_data/assets/pdf_file/0017/900710/2021-22-Demand-Management-Plan.pdf
3. Ergon Demand Management website including links to programs and initiatives offered:
<https://www.ergon.com.au/network/network-management/demand-management>
4. Energex Demand Management website including links to programs and initiatives offered:
<https://www.energex.com.au/home/control-your-energy/managing-electricity-demand/demand-management-plan-and-initiatives>