Economic Regulation Authority

Western Power's application to waive the Regulatory Test for a major augmentation of the transmission network to connect Trina Solar's Kadathinni Solar and Battery Energy Storage project

Determination

17 November 2026

D319930

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1. Determination

The Economic Regulation Authority has decided to exercise its power pursuant to section 9.23(f) of the *Electricity Networks Access Code 2004* and waive the application of the regulatory test for Western Power's proposed major augmentation of the transmission network to facilitate the connection of a solar and battery energy storage system project being developed by Trina Solar in the Shire of Three Springs in Western Australia.

In making the determination we have had regard to the provisions dealing with the regulatory test as set out in Chapter 9 of the Access Code, as well as Western Power's application and supporting information. Further details are set out below.

The Economic Regulation Authority has decided, under section 9.23(f) of the *Electricity Networks Access Code 2004* (Access Code), to waive the application of the regulatory test to Western Power's proposed major augmentation of the transmission network to connect Trina Solar's Kadathinni solar and battery energy storage facility in the Shire of Three Springs.

This determination sets out our reasons, having regard to Chapter 9 of the Access Code, Western Power's application and supporting information, and the confirmations provided by Trina Solar.

1.1 Reasons for determination

On 11 September 2026, we received an application from Western Power requesting a waiver of the regulatory test for a proposed major augmentation to connect the Kadathinni solar and battery energy storage facility being developed by Trina Solar.

The proposed augmentation involves construction of a new terminal substation, Kadathinni Terminal, to connect the facility. Western Power has classified the proposed terminal substation as a shared network asset. Western Power advises that the forecast cost of the shared network component exceeds the regulatory test threshold of $48.7 million in 2026 dollars and that the augmentation would ordinarily be subject to the regulatory test.

The objectives of the regulatory test are to:

- Ensure that, before a service provider commits to a proposed major augmentation to a covered network, the major augmentation is properly assessed to determine whether it maximises the net benefit after considering alternative options.
- Provide an incentive to a service provider, when considering an augmentation to a covered network, to select the option that maximises the net benefit after considering alternative options, which may involve a major augmentation or may involve not proceeding with an augmentation at all.
- Minimise delay to projects and other developments, administrative and regulatory costs, and any other barriers to the entry of generators and consumers into the electricity market arising from the application of the regulatory test.

Undertaking the regulatory test requires Western Power to:

- conduct a public consultation process that gives all interested persons a reasonable opportunity to state their views on the proposed major augmentation and to propose alternative options

- have regard to any views or alternative options identified through the consultation process
- submit an application to the ERA demonstrating that:
  - the proposed augmentation maximises the net benefit after considering alternative options
  - reasonable market development scenarios have been used that incorporate varying levels of demand growth at relevant places, reasonable timings, and alternative timings for project commissioning dates and construction timetables for the major augmentation
  - a public consultation process that met the requirements of the Access Code was conducted.

However, the Access Code includes provisions that enable the regulatory test to be expedited, otherwise modified, or waived if its application would be contrary to the objectives of the test, including because:

- there are no viable alternative options to the proposed major augmentation, or it is unlikely that there are any
- the nature of the proposed major augmentation is such that significant advance planning is required and no alternative options exist
- the nature of the proposed major augmentation, or part of it, is such that it should be submitted to AEMO
- the nature of the funding of the proposed augmentation means that the proposed major augmentation will not cause a net cost, measured in present value terms to the extent that it is possible to do so, to those who generate, transport, and consume electricity in the covered network.

Western Power seeks a waiver on the grounds that there is no viable alternative to the proposed augmentation and that the funding arrangements will ensure it does not cause a net cost to network users.

Western Power submitted that, in partnership with Trina Solar, it had assessed multiple options capable of meeting Trina Solar's capacity and performance requirements. It considers that only the proposed augmentation is technically feasible, compliant with the Access Code, prudent and efficient, and consistent with good electricity industry practice. It therefore considers that no other option constitutes a viable alternative capable of delivering the required service.

Western Power also submitted that the funding arrangements would ensure the proposed augmentation does not cause a net cost to other network users. It advised that, under its contributions policy, the costs will be recovered through a combination of incremental tariff revenue from the facility and a capital contribution from Trina Solar. A bank guarantee from Trina Solar will mitigate the risk that the forecast tariff revenue does not eventuate.

Western Power states its shared network classification reflects the proposed infrastructure's role in the transmission network, its ownership, operation and maintenance by Western Power, and the network functions it will perform.

Western Power provided its assessment of alternative connection configurations and explained its reasons for preferring the proposed Kadathinni Terminal connection. Trina Solar also confirmed its agreement to the proposed connection solution.

Identifying a preferred connection solution does not, of itself, establish that there are no viable alternative options, or that it is unlikely that there are any. We are not satisfied that the information provided establishes either proposition. We have therefore not relied on the absence of viable alternatives as a basis for granting the waiver.

We have considered whether the nature of the funding arrangements means that the proposed augmentation will not cause a net cost to those who generate, transport and consume electricity in the covered network and any interconnected system. Western Power's contributions policy requires a connecting customer to fund the full cost of connection assets. For shared network assets, a capital contribution is required to the extent that the relevant costs are not supported by net incremental revenue attributable to the connection.

We sought and received confirmation from Trina Solar that it understood and accepted its funding obligations under Western Power's contributions policy, including the requirement to provide a capital contribution and financial security for the forecast incremental tariff revenue relied on to fund the proposed augmentation.

On the basis of Western Power's advice about the funding arrangements and Trina Solar's written confirmation of its funding obligations, we are satisfied that the proposed augmentation will not cause a net cost to those who generate, transport and consume electricity in the covered network and any interconnected system, measured in present value terms to the extent possible. The capital contribution will meet the costs not supported by net incremental revenue attributable to the connection. The required financial security will mitigate the risk that the forecast tariff revenue relied on to fund the augmentation does not eventuate.

We have not determined whether Western Power's classification of the proposed assets is appropriate. Our decision rests on our assessment of the funding arrangements and does not constitute approval of that classification.

Having regard to the funding arrangements and our finding that the proposed augmentation will not cause a net cost to other network users, we are satisfied that applying the regulatory test would be contrary to its objectives in this case. Although the regulatory test provides for further assessment of alternatives and public consultation, we consider that its application in these circumstances would impose additional administrative and regulatory costs and potential delay disproportionate to the additional assurance it would provide.

Accordingly, we have decided to waive the regulatory test for the proposed major augmentation under section 9.23(f) of the Access Code. We will publish notice of this decision in accordance with section 9.24(a).

This determination waives only the regulatory test for the proposed augmentation. It does not determine whether the associated expenditure satisfies the new facilities investment test or may be added to the regulated asset base. It does not replace any other approvals or permissions required for the project.