CHAMBER OF MINERALS AND ENERGY WA

5 February 2026

Economic Regulation Authority (ERA)
Level 4, Albert Facey House
469 Wellington Street, Perth WA 6000
Sent via email: publicsubmissions@erawa.com.au

Dear Economic Regulation Authority (ERA)

Framework and approach for Western Power's sixth access arrangement review

The Chamber of Minerals and Energy of Western Australia (CME) is the peak representative body for the resources sector in Western Australia (WA). CME is funded by member companies responsible for 90 per cent of the State's mineral workforce employment.[1]

In 2023-24, the WA resources sector accounted for 45 per cent of WA's economic activity,[2] 93 per cent of goods exports[3] and 43 per cent of investment.[4] The sector contributed one third (31.5 per cent) of the WA Government's general revenue via royalties, payroll and other taxes and fees,[5] enabling the provision of essential public goods and services such as doctors and nurses, teachers and police. CME's 2023-24 Economic Contribution Survey found that the WA resources sector supported 3 in 10 jobs in the State.[6]

The Economic Regulation Authority (ERA) has a critical role in regulating natural monopoly providers in WA, including Western Power in its role as the transmission and distribution services provider in the South West Interconnected System (SWIS). Efficient provision of these services is critical to the operation of a low emission, reliable and cost-competitive energy system and CME therefore appreciates the ERA's ongoing interest in CME's views on the transformation of the SWIS.

Background

The SWIS services over 1 million residential, commercial and industrial customers, including a large number of the CME's member companies who rely on the SWIS for reliable, cost-competitive electricity for their operations. CME members are estimated to account for around 60 per cent of large industrial electricity demand on the SWIS. As such, the SWIS is critical to both the ongoing viability and the decarbonisation pathways of CME members.

In the context of the WA Government's objective to phase out state-owned coal-fired generation by 2030, Western Power's Access Arrangement 6 (AA6) period (2027–2032) will be critical to the SWIS transition. During this period and beyond, CME members will require continued access to reliable and cost-competitive power to sustain their operations, as well as access to low-emissions electricity to support decarbonisation efforts.

While progress on reducing emissions is advancing, prices are rising sharply which is a significant concern for industry. Using publicly available data, CME estimates that total delivered wholesale power costs for large industrial customers on the SWIS have roughly doubled from around $125/MWh in 2020

[1] Government of Western Australia, 2023-24 Economic Indicators Resource Data File, full-time equivalents onsite under State legislation, Department of Energy, Mines, Industry Regulation and Safety, 29 October 2024.
[2] As measured by gross value add (GVA). Australian Bureau of Statistics, 5220 Australian National Accounts: State Accounts, Table 6.
[3] Department of Energy, Mines, Industry Regulation and Safety (DEMIRS), 2023-24 Economic Indicators Resource Data File, released 29 October 2024.
[4] Includes Gross Fixed Capital Formation plus minerals and petroleum exploration. Australian Bureau of Statistics, 5220 Australian National Accounts: State Accounts, Table 25. Australian Bureau of Statistics, 8412 Mineral and Petroleum Exploration, Table 4.
[5] Includes royalties, Commonwealth grants from North West Shelf royalties and iron ore lease rentals plus surveyed expenditure on payroll and other taxes and fees. Government of Western Australia, 2023-24 Annual report on State finances, Department of Treasury, 27 September 2024, Table 2.1 Operating Revenue: General Government, pp 164-165; CME 2023-24 Economic Contribution Survey.
[6] Direct and indirect jobs. CME, 2023-24 Economic Contribution: Western Australia, March 2025.

to at least $210/MWh in 2025, and potentially as high as $250/MWh.[7] Within this total, transmission and distribution charges for large industrial users have increased by 57 per cent between 2019-20 and 2024-25 despite no major transmission build in WA.

Western Power's Access Arrangement 5 (AA5) incorporated an $83 million forecast for Clean Energy Link North (CEL North), with efficient final costs of the project to be incorporated into AA6. Over $1.2 billion in funding has now been committed to CEL North, with the SWIS Transmission Plan outlining extensive additional transmission infrastructure over coming decades.[8] As a result, CME expects further large increases in transmission costs over coming years that will exacerbate the financial pressures our members are facing due to rising costs on the SWIS. The risk of additional cost overruns in transmission projects is a material risk, as demonstrated on the east coast[9] where projects such as EnergyConnect have experienced construction cost increases of around 80 per cent, with regulators now considering whether these costs will be passed on to customers.[10]

In this environment of elevated uncertainty and increasing costs, the ERA's role in ensuring the prudency and efficiency of new transmission investments is more important than ever. CME continues to support the ERA's application of the Regulatory Test ('Prudency' test) and New Facilities Investment Test ('Efficiency' test) to determine efficient use of capital expenditure.

The ERA has an important role in ensuring a prudent and efficient transmission build out

To support large energy users through the transition and ensure an efficient transmission build out for the SWIS, CME recommends the ERA:

- **Rigorously applies the NFIT test to assess the CEL-North project to ensure only efficient transmission build costs are passed on to consumers during AA5 and AA6.**
- **Increases the frequency and granularity of ERA oversight processes during the AA5 and AA6 periods to mitigate cost and schedule risks that, if unmanaged, could impact cost, reliability and availability of electricity during these access arrangements and beyond.**
- **Ensures Western Power actively facilitates behind-the-meter options that reduce transmission requirements and support the overall affordability of the energy transition.**

Prioritise transmission reliability for the Goldfields region and Strategic Industrial Areas

Transmission performance measures the average outage durations and system loss events where they affect customers directly connected to the transmission network. SWIS-connected CME members continue to report poor reliability of electricity supply in the Goldfields region. This is having significant impact on our members' operations, businesses and the community. Repeated outages are creating operational challenges, imposing additional costs on businesses and negatively impacting the region's ability to productively operate or expand.[11]

Insufficient electricity supply for SWIS-connected loads led to the introduction of the Eastern Goldfields Load Permissive Scheme (ELPS) in 2021. This initiative allows large industrial customers in the region to access additional electricity supply from the existing network when there is spare capacity available. However, this supply scheme is interruptible, meaning that this additional power can be curtailed or switched off when other users need their contracted quantity.

The ELPS is a partial and imperfect scheme that does not address the core underlying issue of insufficient power availability in the region. As supply can be (and is) interrupted regularly, industry has to manage this risk by investing in backup diesel generators that are expensive to install and run and produce higher emissions than grid-sourced power. Switching to back-up power also results in production and revenue losses.

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[7] Estimated total delivered cost of $211/MWh using real-time energy prices or $250/MWh using Synergy Standard Offer Price (last available quote prior to the relevant capacity year). AEMO, Quarterly Energy Dynamics Q2 2025, Figure 127; Economic Regulation Authority, 2024/25 Price List for the Western Power Network, 14 May 2024, Table 1.5, RT7.

[8] SWIS Transmission Plan

[9] The Energy Connect transmission project on the east coast was originally budgeted at $2.1b for 900kms (800MW) but these costs have blown out by 70 per cent to $3.6b. The cost of the VNI West project is expected to double from $3.9 billion to $7.6 billion.

[10] The project was originally budgeted at $2.3b for 900kms (800MW) but these costs have since blown out by 80 per cent to $4.1b. AFR, Why TransGrid's $4.1b EnergyConnect is a huge problem, 5 February 2025.

[11] ABC, Goldfields residents brace for future blackouts as long-term solution still years away, 25 September 2025.

Data obtained from a small sample of SWIS-connected CME members in the Goldfields region indicates an average of 4 power outages per month over the past year or so, with most related to the ELPS. Each outage event, no matter how short, can take 1-2 to 4-8 hours to return to full operations. Member data indicates tens of millions of dollars in lost revenue over the past year due to these outages, in addition to the costs of running and maintaining back-up power systems. CME members have also highlighted that the lack of additional power availability is also constraining expansion activities.[12] **Urgent improvements are required to improve electricity supply reliability to the Goldfields region.**

CME members continue to raise issues regarding electricity reliability in the Kemerton Strategic Industrial Area (SIA). **CME recommends prioritising improving reliability for existing and near-to-market projects, particularly those in the Kemerton and Western Trade Coast industrial areas (including Kwinana). The timing of Stage 1 augmentations at the Kemerton SIA should be brought forward to address existing power reliability issues**.

Reductions in major customer connection timeframes required

Timely connections are essential to power system reliability and the timely delivery of the WA resources sector's decarbonisation projects. Western Power developed a Critical Projects Framework in late 2024 to identify connection ready projects which will be given right of way to Western Power resources in order to efficiently progress their connection. This framework will assess critical projects for the State, based on a set of principles and criteria, including a customer's readiness to connect. This criterion includes strategic alignment, customer readiness and readiness declaration.[13]

While CME welcomes this initiative from Western Power, we continue to receive member feedback that the connection process is lengthy, uncertain and expensive. These delays have resulted in some members not being able to meet key milestones for electrification and other energy-intensive projects, while also impacting project viability. **CME recommends further improvements are made to reduce major customer connection timeframes.**

[12] CME 2026-27 WA Pre Budget Submission
[13] Western Power, Critical Project Framework