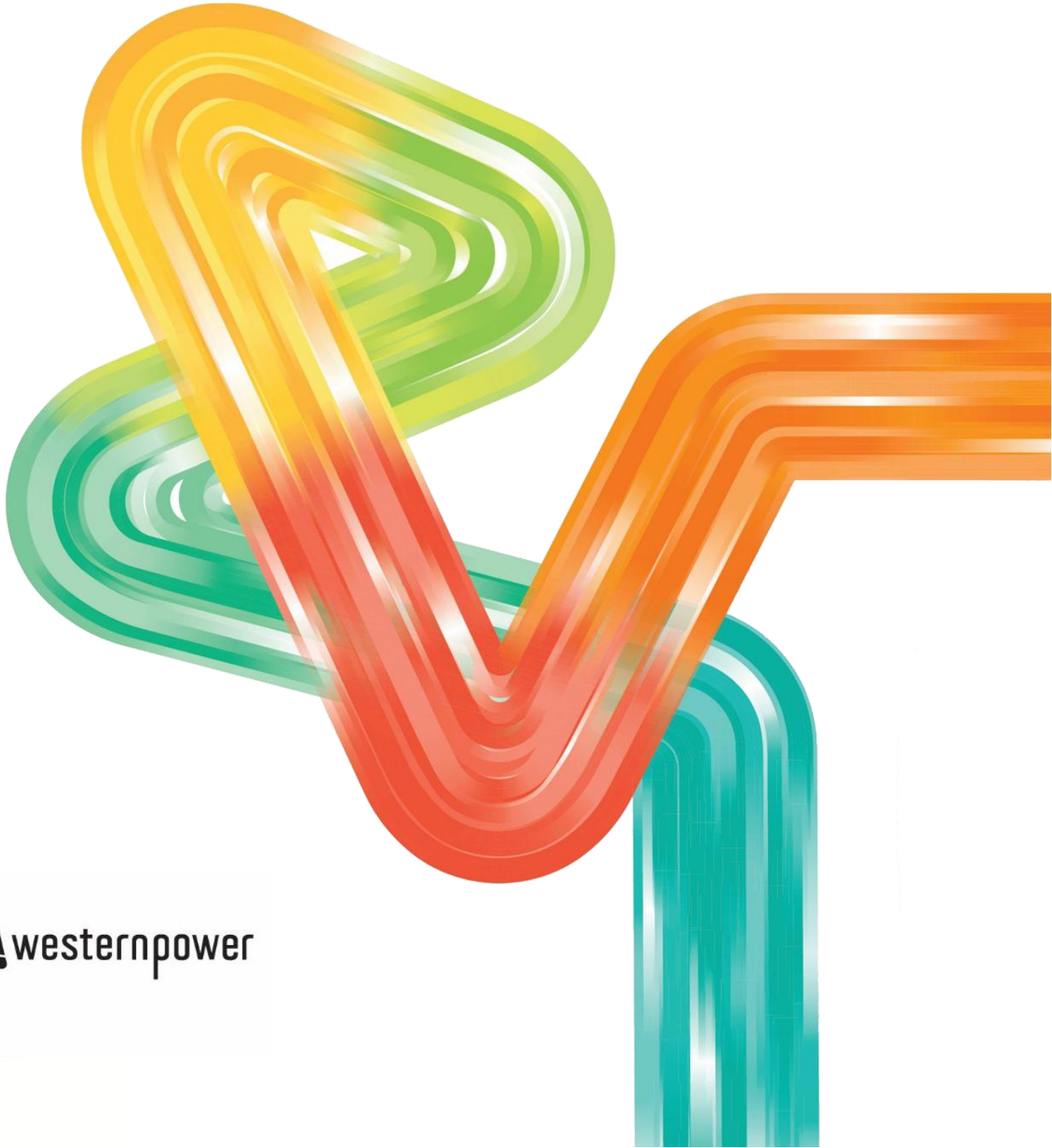
Regulatory Test Waiver Submission

Trina Kadathinni 400MW Solar & BESS

Public

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westernpower

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1. Introduction

This document is a public version of Western Power's application to the Economic Regulation Authority (ERA) seeking a waiver of the regulatory test under Chapter 9 of the Electricity Networks Access Code 2004 (the Code).

Western Power has prepared this public version in accordance with standard regulatory practice. Information has been redacted where it is considered:

- commercially sensitive;
- related to confidential contractual arrangements; or
- security-sensitive in relation to critical electricity infrastructure.

The redactions are limited to what is necessary to protect legitimate confidentiality interests while maintaining transparency of the waiver application.

2. Executive summary

Western Power seeks a waiver of the regulatory test under Chapter 9 of the Electricity Networks Access Code 2004 (the Code) in respect of a proposed major augmentation of the transmission network required to facilitate the connection of the Kadathinni Solar & BESS facility (the Facility).

The proposed augmentation involves development of a new terminal substation – Kadathinni Terminal – to enable connection of the Facility. The forecast cost of the shared network component exceeds the regulatory test threshold of $48.7 million (in 2026 dollars). Accordingly, the augmentation would ordinarily be subject to the regulatory test.

Under Chapter 9 of the Code, the Economic Regulation Authority (ERA) has discretion to waive the regulatory test where one or more of the criteria in section 9.23 are satisfied. This submission is intended to support the ERA in forming that view, demonstrating that granting a waiver for the proposed augmentation is consistent with the objectives of Chapter 9.

Western Power proposes that applying the regulatory test in this instance would not advance the objectives of Chapter 9 nor provide additional regulatory assurance. Instead, a project-specific regulatory assurance methodology is proposed, under which the ERA can be satisfied that the relevant regulatory objectives are met.

Western Power submits that the following requirements of sections 9.23(a) and 9.23(d) of the Code are satisfied:

- ***No viable alternative*** (section 9.23(a)): Western Power, in partnership with Trina Solar, assessed multiple options capable of meeting the Applicant's capacity and performance requirements. Only the proposed shared network augmentation was found to be technically feasible, compliant with the Code, prudent and efficient, and consistent with good electricity industry practice. No other option constitutes a viable alternative capable of delivering the required service.
- ***No net cost to network users*** (section 9.23(d)): The funding arrangements which will be applied to the proposed augmentation ensure that it will not result in a net cost to existing network users. Consistent with Western Power's Contributions Policy, the costs of the augmentation will be recovered through a combination of incremental tariff revenue from the proposed facility and a capital contribution from Trina Solar. A bank guarantee will mitigate any risk that expected tariff revenue does not eventuate. This approach will ensure that that no net cost in incurred by existing network users.

On this basis, Western Power submits that granting a waiver of the regulatory test is consistent with the efficient achievement of the Chapter 9 objectives. Granting the waiver will provide the regulatory certainty necessary to support timely delivery of a strategically important renewable energy project that is aligned with Western Australia's broader decarbonisation objectives.

3. Waiver request and rationale

Western Power submits that a waiver of the regulatory test is justified for this proposed major augmentation because the application of the test would be contrary to the objectives of Chapter 9 of the Code. In particular, and as set out below, Western Power considers that the requirements of sections 9.23(a) and 9.23(d) of the Code are satisfied.

The proposed major augmentation is supported by a regulatory assurance methodology which demonstrates that:

- there is no viable alternative to the proposed augmentation of shared works; and
- the nature of the funding of the proposed augmentation ensures that it will not result in a net cost to those who generate, transport and consume electricity in the covered network or any interconnected system.

3.1 No viable alternative to the proposed major augmentation *(Section 9.23(a))*

Western Power assessed a range of connection options capable of meeting the applicant's requirements.

Following assessment against the relevant evaluation criteria, Western Power concluded that the proposed augmentation is the only feasible option capable of delivering the requested service while maintaining compliance with technical and safety requirements. The proposed augmentation represents a prudent and efficient solution that enables Western Power to satisfy its obligations under section 2.7 of the Code and is consistent with good electricity industry practice.

The proposed infrastructure has been classified as a shared network asset because it forms part of the transmission network and will be owned, operated and maintained by Western Power. The asset performs network functions that are appropriately managed as part of the covered network and supports the secure and reliable operation of the electricity system.

Western Power has determined that the proposed configuration represents the minimum practical solution capable of meeting the applicant's requirements while maintaining compliance with relevant technical and operational standards.

The assessment did not identify any alternative option that could reasonably deliver the requested service while achieving the same operational and regulatory outcomes. Accordingly, Western Power considers that there is no viable alternative to the proposed major augmentation and submits that the requirements of section 9.23(a) of the Code are satisfied.

3.2 The major augmentation will not cause a net cost *(Section 9.32(d))*

Section 9.23(d) of the Code provides that a waiver of the regulatory test may be granted where *"the nature of the funding of the proposed major 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 and any interconnected system."*

In accordance with the Contributions Policy, the costs of applicant-driven investments in shared network assets are recovered through a combination of:

- the net incremental tariff revenue attributable to the connecting applicant; and
- where tariff revenue is insufficient, a capital contribution payable by the applicant.

This policy ensures that investments undertaken to meet the requirements of individual applicants do not result in cost increases for existing network users, and that costs are borne by the parties who drive the need for the augmentation.

Western Power's application of its Contributions Policy to fund the network augmentation required to connect the Facility will ensure that no additional costs will be borne by other network users.

4. Conclusion

Western Power submits that the proposed major augmentation, and the associated request for a waiver of the regulatory test, is justified having regard to the objectives of Chapter 9 of the Code and the specific circumstances of the project.

As set out in this submission, there is no viable alternative to the proposed major augmentation capable of meeting the applicant's requirements in a prudent, efficient and technically compliant manner. The proposed solution reflects good electricity industry practice, is necessary to enable Western Power to comply with its obligations under section 2.7 of the Code and supports the secure and reliable operation of the electricity network. Western Power therefore considers that the requirements of section 9.23(a) of the Code are satisfied.

In addition, the funding arrangements applicable to the proposed major augmentation are structured such that the investment will not result in a net cost to those who generate, transport and consume electricity in the covered network or any interconnected system. Western Power considers that the applicable cost recovery arrangements ensure that the costs associated with the augmentation are appropriately attributable to the party driving the need for the investment and do not impose additional costs on existing network users. Western Power therefore considers that the requirements of section 9.23(d) of the Code are satisfied.

In these circumstances, application of the regulatory test would not provide additional regulatory assurance and would not materially assist achievement of the Chapter 9 objectives. Western Power considers that the information provided in this submission demonstrates an appropriate basis on which the ERA can be satisfied that the relevant waiver criteria have been met.