Economic Regulation Authority

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

Final decision - Explanatory statement

17 August 2026

D314990

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We acknowledge their continuing connection to culture and community, their traditions and stories. We commit to listening, continuously improving our performance and building a brighter future together.

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1. Summary

1.1 Background

Western Power's network is a covered network under the *Electricity Networks Access Code 2004* and so is required to have an approved access arrangement that sets out the terms and conditions, including prices, for third parties seeking access to the network.

The first version of Western Power's access arrangement (AA1) was approved in 2007 and there have been four revisions since then with the current version (AA5) being approved in March 2023.

Western Power is due to lodge its AA6 proposal with the ERA on 1 February 2027. Following review and consultation with stakeholders, the ERA will determine revisions to the access arrangement to take effect from 1 July 2028.[1] The revised access arrangement will apply until 30 June 2032 and determine the target revenue from 1 July 2027 to 30 June 2032.

As introduced for the AA5 review, there is now a two-stage decision making process. In the first stage we decide on some elements of the access arrangement before Western Power submits its proposal. We set out our decision on these matters in a document called the "framework and approach".

The second stage of the access arrangement review is Western Power submitting its access arrangement proposal to us for approval. Western Power's access arrangement proposal must be consistent with the elements that have already been determined in the framework and approach unless there has been a material change in circumstances, in which case Western Power must provide reasons for the departure.

On 1 December 2025, we published an issues paper on the framework and approach. Submissions were received from:

- Alinta Energy
- Chamber of Minerals and Energy
- Change Energy
- City of Greater Geraldton
- Department of Energy and Economic Diversification
- WA Expert Consumer Panel (ECP)
- Chris Alexander (ECP member)
- Sunrise Energy
- Synergy

[1] The final decision is expected to be published by 31 March 2028 and the revisions will come into effect on 1 July 2028. The current access arrangement will continue to apply until the new revisions come into effect. The access arrangement review was deferred by one year at the request of Western Power.

- Tesla Motors
- WA Council of Social Services
- Western Australian Local Government Association (WALGA)
- Western Power

We published the draft decision on 7 May 2026. Submissions were received from:

- Alinta Energy
- Australian Energy Council (AEC)
- Individual customer
- Electrify Everything WA
- Synergy
- Visnet
- WA ECP
- Zenith Energy.

As permitted under the Access Code, Western Power submitted its response to the draft decision on 3 July 2026.

A summary of submissions is included as an attachment to this decision.

1.2 Final decision on framework and approach

The ERA's final decision on the framework and approach is set out in the Final Decision – Summary.

This document is an explanatory statement that sets out the reasons for our decision, including the consultation we have undertaken and our consideration of matters raised in stakeholder submissions.

The AA6 period will be significant for Western Power and the south-west interconnected system. The future development and operation of Western Power's network is an essential component of the transition to net zero emissions, which includes the planned closure of Synergy's coal-fired generation by 2030, increasing levels of renewable generation, more complex customer connections, climate resilience challenges, electrification, Distributed Energy Resources (DER) and electric vehicles. This final decision is intended to provide a framework that is flexible enough to respond to uncertainty while maintaining clear accountability on Western Power for robust forecasting, prudent and efficient expenditure, service performance and delivery for customers.

Our decision includes the following matters that we are required to determine for the framework and approach:[2]

[2] The matters that must be included are set out in section 4.A2 of the Access Code.

- Classification of services and a list of reference services together with tariff structures, charging parameters and the approach to setting tariffs for each reference service.
- Method for setting service standard benchmarks.
- Form of price control.
- Investment adjustment mechanism.
- Gain sharing mechanism.
- Service standards adjustment mechanism.
- Demand management innovation allowance mechanism.

As permitted under the Access Code, the final decision also includes additional requirements intended to improve transparency, accountability and ensure Western Power's AA6 proposal contains information that is sufficiently clear, relevant and assessable for the ERA, customers and stakeholders. These include:[3]

- ERA expectations for the approach and content of Western Power's proposal.
- Public Lighting Strategy
- Connections Improvement Strategy
- ERA expectations for contributions policy including connection costs and headworks schemes
- Strategy for DER integration and transition of Western Power to a Distribution System Operator (DSO)
- Strategy for managing and supporting electric vehicle charging
- Local area reports.

The rationale for our decision on each matter is set out in this document.

[3] Section 4.A13 of the Access Code allows the ERA to include matters in the framework and approach that are not listed in section 4.A2.

2. ERA expectations for approach and content of Western Power's proposal

The AA6 review is taking place during a period of rapid transformation in the energy sector. The scale of the challenges facing Western Power, and the urgency of responding to them, is increasing.

Taking account of feedback received on the framework and approach issues paper, our draft decision set out our expectations about the approach and content of Western Power's proposal.

2.1 Submissions on draft decision

In its response to the draft decision, Western Power supported the ERA's proposed principles for AA6, particularly the focus on efficiency, transparency, accountability and customer outcomes. However, it considers these principles need to be applied in a proportionate and practical way, recognising the uncertain environment within which Western Power operates, areas that Western Power can and cannot control and the extent to which Western Power's work program is shaped by evolving priorities, funding decisions and system conditions.

Western Power describes various initiatives and planning exercises it is currently undertaking and states it will continue to report on key areas of performance that are important to stakeholders such as connections. However, it considers there is a need for a careful balance between the benefits of reporting and publication of information, and the potential administrative cost and regulatory burden that this would place on Western Power, with these costs ultimately being borne by consumers.

Other submissions included:

- Stakeholders generally supported the ERA setting clearer expectations for Western Power's AA6 proposal, particularly the need for a forward-looking, coordinated network plan that explains how AA6 fits within longer-term system planning and energy transition requirements.
- Alinta and the AEC emphasised the need for Western Power's proposal to be aligned with whole-of-system planning, including demand forecasts, network constraints, government energy and emissions objectives.
- Alinta, the AEC and Synergy all sought clearer links between proposed strategies, expenditure, tariffs, services and customer outcomes, with proposals to be operational and assessable rather than high-level or aspirational.
- Stakeholders also emphasised the need for Western Power to justify material cost increases, including new or expanded functions such as activities related to taking on the role of DSO, by demonstrating the need, options considered, expected benefits, deliverability and consumer impacts.
- The ECP supported the future-oriented direction of the draft decision, including stronger integration of environmental impacts, emissions reduction and climate resilience into planning and investment decisions.

2.2 ERA considerations and final decision

The AA6 period will involve significant change in the energy sector with consequences for the way Western Power plans, operates and develops its network. The Framework and Approach is intended to strengthen transparency and accountability during the AA6 period by requiring Western Power to clearly explain its long-term planning and delivery and how proposed costs and services for AA6 are aligned with the Access Code objective and the State Electricity Objective.

Western Power's AA6 proposal will need to identify the challenges for the AA6 period and beyond, explain how it will address them, and identify key uncertainties and how they will be managed. This requires more than high-level strategy statements. Western Power's proposal must explain the need for proposed expenditure, the options considered, the outputs and outcomes to be delivered, key uncertainties, deliverability challenges and how progress will be reported and monitored. Without this information, the ERA and stakeholders cannot properly assess whether proposed expenditure is prudent and efficient and how proposed service levels relate to customer expectations and statutory objectives.

We recognise that, as AA6 will take place during a period of unprecedented change and cover the pivotal period of the energy transformation up to and beyond 2030, aspects of Western Power's proposal will need to accommodate greater uncertainty than previous access arrangements.

We expect Western Power to put forward well considered and articulated strategies with robust data and evidence to support its AA6 proposal. It should identify the assumptions, scenarios, sensitivities, options and decision points that underpin its proposed approach, and explain how it would respond if circumstances change during AA6. At one level this has been a requirement in prior access arrangements, but it is more important given the inevitable step up in the pace of the transformation of the electricity system over AA6.

We consider that the existing regulatory framework is equipped to accommodate unpredictability. There are mechanisms available to Western Power under the access arrangement and Access Code to manage material cost drivers that are not reasonably foreseeable or cannot be reasonably estimated at the time of its AA6 proposal. These include adjustment mechanisms, and in period access arrangement reviews. Should these situations arise, Western Power would need to explain which mechanisms it will use to address such unforeseeable outcomes during AA6, while maintaining accountability for prudent and efficient expenditure and customer outcomes.

In AA5 we implemented reporting measures to make Western Power more accountable for performance. Our draft decision on the framework and approach for AA6 signalled an enhancement of this approach. We recognise Western Power's concern that additional information requirements can impose administrative and regulatory costs. Information requirements should therefore be proportionate, use existing planning and reporting material where practicable, and focus on information that is useful to the ERA, customers and stakeholders.

These expectations do not require Western Power to create bespoke material where existing internal documents, datasets or reporting can provide the same relevant information. Western Power may rely on existing material where it is clearly identified, current, accessible and sufficient to allow the ERA and stakeholders to understand and assess the proposal and subsequent AA6 outcomes.

The ERA has decided to maintain, but refine, the expectations set out in the draft decision. Western Power's AA6 proposal must address the following matters.

Final Decision – Expectations for approach and content of Western Power's proposal

Western Power's AA6 proposal must address the following matters:

- Comprehensively identify and address the challenges for the AA6 period and beyond based on the best information and data sources available to Western Power at the time of submitting the AA6 proposal.
- Set out a clear plan for how Western Power intends to meet those challenges, including the programs, projects and non-network actions, key milestones and decision points, dependencies, uncertainties, mitigation actions and circumstances that would require Western Power to review its approach.
- Explain Western Power's long-term vision and plan for the development of the network and how the AA6 proposal fits within that plan, including what is progressed in AA6, what is deferred beyond 2032 and why, and how key AA6 choices affect longer-term outcomes.
- Demonstrate that Western Power has considered credible options when developing its forecast expenditure, including non-network solutions, demand management, flexibility services and technologies or approaches not yet widely used by Western Power but adopted successfully by other electricity networks.
- For each major program or project, provide an options assessment that defines the need, compares credible network and non-network options, identifies any capital expenditure and operating expenditure trade-offs, explains the criteria used to compare the options and justifies the preferred option.
- Focus on outputs and outcomes for customers. For each major category of expenditure, Western Power must specify what will be delivered, what customer outcomes are expected, who will benefit and how success will be measured.
- Demonstrate that customers and stakeholders have been engaged effectively in developing the proposal, including who was engaged, what was presented, how feedback changed the proposal and, where feedback was not adopted, why not.
- Include arrangements for reporting during AA6, including reporting on delivery against major milestones, outcome measures, material variances and corrective actions.
- Provide transparency of costs, assumptions and demand forecasts. Where relevant, Western Power must provide unit costs, volumes, fixed and variable cost splits, key sensitivities and the basis for material assumptions.
- Where costs to maintain existing services are forecast to increase materially, explain the drivers of those increases, the efficiency actions taken or proposed, any lower-cost options considered and rejected, and the trade-offs considered.
- For new or expanded functions, such as DSO-related activities, identify the minimum requirements, explain the delivery option chosen, quantify incremental costs and benefits, and explain how benefits will be measured and monitored.
- Explain how environmental considerations, emissions impacts and climate resilience are incorporated into planning and investment decisions, including how trade-offs with cost, reliability and customer outcomes are assessed.

3. Classification of services

Western Power's network connects generators and storage facilities to about 1.2 million homes and businesses across the south-west of Western Australia. For most end-use customers, retailers contract with Western Power for network services to transport electricity to those customers. Generators and some very large customers generally contract with Western Power directly.

Because Western Power's network is a covered network under the Access Code, network services provided by means of that network are covered services unless they are determined to be excluded services.[4] Covered services may be provided as reference services or non-reference services.[5]

Western Power also provides some services that are not covered services and therefore fall outside the scope of the access arrangement and are not regulated.

The classification of services determines how different services are treated under the access arrangement, including whether their costs are recovered through target revenue, fixed fees, negotiated charges or outside the regulatory framework.

In the draft decision we proposed that no changes should be made to the classification of services.

We considered WALGA's submission on the issues paper suggesting that vegetation management services provided by Western Power to local governments should be a regulated service. However, as the relevant local government is responsible for vegetation management in those areas, Western Power's provision of vegetation services to local government is not a service provided by means of the covered network for the purpose of supplying network access. On that basis, those services cannot be classified as covered services for the purposes of the access arrangement.

3.1 Submissions on draft decision

Western Power agreed with our draft decision that no changes should be made to the classification of services.

Synergy did not object to retaining the current classification of services.

3.2 ERA considerations and final decision

We have maintained the draft decision.

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4 A covered service can be made an "excluded service" if the supply of the service is subject to effective competition and the cost of the service can be excluded from consideration for price control purposes without departing from the Code objective.

5 Reference services are standard services specified in the access arrangement with a published tariff, standard access contract and service standards.

Non-reference services are negotiated services. The Access Code enables Western Power and existing users or new applicants to negotiate an access contract for access to any service (including a service which differs from a reference service) on any terms (including terms which differ from a standard access contract).

Final Decision – Classification of services

Retain the current classification of services as follows:

- **Covered services**
  - **Revenue target services**, which are included in target revenue calculated under the price control:
    - Reference and non-reference connection, exit, entry, bidirectional, standard metering and streetlight maintenance services.
  - **Non-revenue target services**, which are not included in target revenue and have fixed fees or are priced on application for each service request:
    - Ancillary reference and non-reference services, including supply abolishment, capacity allocation swaps, direct load control or limitation, de-energisation and re-energisation, and streetlight LED replacements. Prices are included in the annual price list.
    - Services under the model service level agreement, including extended metering services. Prices are included in the model service level agreement.
    - Access applications under the applications and queuing policy. Prices are included in the applications and queuing policy.
    - Temporary supply disconnections, high-load escorts and permits, works in the vicinity of network assets, and line relocations. Prices must be consistent with the approved contributions policy, where relevant, or otherwise negotiated in good faith and be consistent with the Access Code objective and reasonable.
  - **Excluded services:**
    - Network support services provided by batteries owned by Western Power.[6]
- **Services that are not covered**
  - External fleet maintenance, private vegetation management, power training services, and underground cable connection work from the pillar in the street to the adjacent property.
  - Storage services other than network support, including leasing out spare capacity or offering customers access to a shared storage service.
  - Non-covered services provided by multi-function assets.[7]

6 This determination was made prior to the AA5 review. The ERA determined that network support services provided by batteries are contestable and meet the requirements for an excluded service. Under this approach, the capital cost of the battery sits outside the regulated business and is not included in Western Power's regulated asset base. The efficient costs of any network support service provided to the regulated network business by a Western Power owned battery can be charged to the regulated business and included in operating expenditure. The excluded service approach better ensures a level playing field for all storage service providers to provide network support services and enables the industry to develop the best configuration of value stacking and ownership models.

7 Defined as network assets that are used to provide services other than covered services.

4. Reference services and tariffs

An access arrangement must include at least one reference service and must include a reference service for each covered service that is likely to be sought by a significant number of network service customers or a substantial proportion of the network services market. Reference services and tariffs play an important role in encouraging efficient operation and use of the network. They can also influence demand management, energy efficiency and emissions outcomes, particularly for customers with distributed generation.

Western Power's current reference services are set out in Appendix E of its access arrangement. Appendix E includes the eligibility criteria for each reference service. The current tariff structures, charging parameters and description of approach to setting tariffs are set out in Appendix F.2.

Based on our review and stakeholder submissions on the framework and approach issues paper, our draft decision was to maintain the current reference services, eligibility criteria, tariff structures, charging parameters and description of approach to setting tariffs with the following amendments:

- Residential customers with DER are on bidirectional services and residential customers without distributed energy resources are on exit only services. Separate tariffs are also specified for these services. However, currently the pricing of these tariffs is identical. The tariffs should be reviewed to ensure they are cost reflective.
- Remove the grandfathered residential and business time of use tariffs implemented prior to AA5 from the list of reference services as they no longer align with current demand patterns.
- Amend the structure of the demand-based business/industrial tariffs so that demand charges are based on the monthly demand at peak times to improve incentives for shifting demand from peak to off-peak times including through the installation of DER.[8]
- The current reference services include entry and bidirectional service to facilitate distributed generation or other non-network solutions. These services provide a discount on the standard tariff if the distributed generation or other non-network solution results in Western Power's costs reducing. Users report that these services have not worked as intended as the onus has been on the user to establish the cost reduction. As suggested in submissions, we consider the discount rates should be published in Western Power's annual network opportunities map.
- The current list of metering and disconnection/reconnection services and pricing must be amended to reflect that the accelerated rollout of advanced meters is expected to be complete by the end of AA5.
- Submissions raised concerns about how costs are allocated to services and customer groups. We intend to examine this as part of the access arrangement review. Western Power will be required to submit detailed information on its cost allocation, and we will consult on this as part of the access arrangement review.
- For regulated services that are not paid for via network tariffs (that is, the services classified as 'non-revenue target services') we require Western Power to include a full

[8] Currently the demand charges are based on the rolling 12-month anytime maximum half-hourly demand with a discounting formula applied based on the percentage of off-peak energy consumption as a proportion of the total energy consumption.

list of all such services together with the basis of pricing of each service in its access arrangement proposal. This will enable an assessment of how pricing transparency and predictability for these services can be improved and whether any should be developed as reference services as part of the access arrangement review.

4.1 Submissions on draft decision, ERA considerations and final decision

4.1.1 Tariffs for residential customers with and without DER

Western Power accepted the draft decision requirement to review residential tariffs for customers with DER and customers without DER to ensure the tariffs are cost reflective. This will be undertaken through the review of the cost allocation process.

Synergy supported more cost-reflective tariffs, but considers that cost reflectivity should not simply default to higher fixed charges for DER or bidirectional customers without a clear explanation of the underlying cost drivers. If different tariffs are proposed, Synergy considered Western Power should be required to explain the basis for the difference, the customers affected and expected bill impacts. We expect Western Power will take this into account in its review.

4.1.2 Grandfathered residential and business time-of-use tariffs

The draft decision proposed removing the grandfathered residential and business time-of-use tariffs implemented prior to AA5 from the list of reference services.

Western Power, Synergy and the ECP supported removing these tariffs. The ECP also suggested phasing out the traditional flat network tariffs which it considers are not structurally cost reflective.

We have maintained the draft decision requirement to remove the grandfathered time-of-use tariffs from the list of reference services in the access arrangement.

We have not adopted the ECP's suggestion to phase out traditional flat network tariffs. The Access Code requires reference services to be included where they are sought, or likely to be sought, by a significant number of network service customers or a substantial proportion of the market. This remains the case for flat network tariffs. Western Power must ensure those tariffs are as cost reflective as possible.

4.1.3 Structure of demand-based business and industrial tariffs

The draft decision required Western Power to amend the structure of the demand-based business/industrial tariffs so that demand charges are based on the monthly demand at peak times to improve incentives for shifting demand from peak to off-peak times including through the installation of DER.

In its response to the draft decision Western Power:

- Stated its preferred approach is to close the metered demand tariffs (that is, RT5 and RT6) for the following reasons:
  - Alternative tariffs exist that provide more effective signals for business and industrial consumers – namely time-of-use demand tariffs (RT36). Where a cost reflective

alternative is available that meets customers' requirements, there is no further requirement for multiple tariff options. Fewer tariffs support simpler pricing, cost allocation, and transparency.

– The discount component of the metered demand tariff is based on obsolete time bands and at present there is no clear evidence that this is effective at shifting demand nor that it is cost reflective. The improved discounting mechanism (see the below section) will suitably reflect locational benefits that may be realised from load shifting.

– The line length component of these tariffs is complex and the locational variation in cost of service for these customers is negligible.

Other submissions:

- Synergy supported restructuring demand-based business and industrial tariffs to improve peak demand signals, provided customer impacts are assessed, and the design can be reflected in retail offerings.

- The ECP supported calculating charges on monthly peak-period demand, considering this would improve incentives for load shifting and localised DER investment.

In the submissions we received on the issues paper and draft decision there was general agreement from stakeholders that they were looking for improvements to the current metered demand tariffs and there was support for addressing this by using monthly demand at peak times.

Western Power's alternative proposal to close these tariffs, and the reasons for that proposal, have not been tested with affected users. The ERA is therefore not satisfied, at this stage, that closing the tariffs would be preferable to amending their structure.

On that basis, we have maintained the draft decision requirement that Western Power amend the structure of the demand-based business and industrial tariffs so that demand charges are based on monthly demand at peak times. We have also added a requirement that customer impacts must be assessed and that the amended design must be capable of being reflected in retail tariffs.

However, if Western Power wishes to pursue its proposal to close the existing metered demand tariffs it must demonstrate that the proposal has been consulted on, is preferred by affected users, is cost reflective and includes appropriate transition arrangements.

4.1.4 Network tariffs where users lower network costs

The draft decision required the discount rates that would apply to the reference services that facilitate distributed generation or other non-network solutions to be published in Western Power's annual network opportunities map.

Western Power supported the draft decision as did the AEC, Synergy and Zenith. However, Synergy considered greater clarity was needed about how the discount would be applied in the tariff.

We have amended the draft decision to require that the discount rates must be published in the network opportunities map and that the relevant tariff provisions must explain how those discount rates are applied.

4.1.5 Modifications sought by Synergy

Synergy sought further development of several reference services and tariffs including vacant site services, electric vehicle (EV) tariffs, community batteries, capacity sharing, and avoided transmission use of system charges for distribution connected generation. Synergy emphasised that services must be operable in practice, capable of being acquired, reflected in retail products and understood by customers.

Some of the matters raised by Synergy are long-standing issues. We consider these matters need to be resolved between Western Power and Synergy and we will work with them to facilitate that process.

4.1.6 Modifications sought by the ECP

The ECP supported stronger alignment between network tariffs and retail price signals, including assigning customers to the most cost-reflective network tariff their meter can support.

We have not adopted the ECP's recommendation. The ERA regulates Western Power's network services and network tariffs, but does not regulate retail tariffs. Retailers choose the network service they acquire from Western Power, subject to the eligibility criteria in the access arrangement. Western Power cannot assign retailers to a particular network service. Retailers are also free to structure retail tariffs for their customers.

The Access Code requires Western Power to offer reference services that are sought, or likely to be sought, by a significant number of network service customers or a substantial proportion of the market. Western Power must ensure that the network tariffs for each reference service are as cost reflective as possible, but the framework and approach cannot require retail tariffs to align with particular network tariff structures.

4.1.7 Licensed microgrids

Zenith raised issues about the treatment of licensed microgrids and interconnected networks. Some of the matters raised are policy issues or otherwise outside the scope of this framework and approach. However, we consider the access arrangement must provide reference services, tariffs and connection processes that are capable of accommodating complex bidirectional connections where those services are likely to be sought by a significant number of customers or a substantial proportion of the market.

Western Power must demonstrate in its AA6 proposal that existing reference services can be used by complex bidirectional connections, including connections with behind-the-meter generation, storage or microgrid-like characteristics, to obtain the services they require. If existing reference services are not adequate, Western Power must propose amendments or new reference services. Western Power must also ensure that enquiry, application and connection processes are fit for purpose for complex bidirectional connections, including where staged connection or staged operation is required.

4.1.8 Additional changes proposed by Western Power in its response to the draft decision

Western Power proposed several tariff and eligibility changes in response to the draft decision that had not been tested through the issues paper process. These include closing the dedicated EV charging tariff, amending the eligibility criteria for distribution-connected storage tariffs and restricting low-voltage energy-only tariffs to low-voltage connected customers.

We have decided not to determine those additional changes in this framework and approach because they directly affect users and have not yet been subject to sufficient consultation. If Western Power wishes to progress those changes, it must include them in its AA6 proposal with supporting evidence, stakeholder consultation, customer impact analysis and transition arrangements.

4.1.9 Metering services

The draft decision required that the list of metering and disconnection/reconnection services and the associated pricing must be amended to reflect that the accelerated rollout of advanced meters is expected to be complete by the end of AA5.

In its response to the draft decision Western Power has indicated that it will propose updated metering prices in its AA6 proposal.

We will review metering prices during the AA6 review to ensure they reflect that most customers will have advanced meters. As part of the AA6 review, we will also consider whether a review of the model service level agreement is needed to address stakeholder concerns about metering services, data quality, data timeliness and business-to-business processes.

4.1.10 Cost allocation for revenue target services

Submissions on the issues paper raised concerns about how costs are allocated to services and customer groups. We stated in the draft decision that we intended to consider this as part of the access arrangement review. Western Power will be required to submit detailed information on its cost allocation, and we will consult on this as part of the access arrangement review.

In submissions on the draft decision:

- Alinta questioned whether transmission entry service tariffs are consistent with the Access Code pricing principles, noting generators already fund connection costs and face locational signals through losses and constraints.
- Synergy's main concern was the allocation of costs between transmission and distribution users, particularly as major transmission augmentation is expected over AA6 and beyond.
- Synergy supported requiring detailed cost allocation information but sought clearer principles, transparency of pricing and charging, and controls to distinguish regulated network costs from market-facing or DSO-related costs.

Western Power noted the cost allocation will be addressed in the tariff structure statement. It considers the following factors are relevant to the review of cost allocations:

- A well-defined set of tariffs aligned to distinct customer segments, and eligibility criteria that reflect how customers use network assets.
- Clear eligibility criteria should be sufficiently targeted to ensure costs are recovered from those customers who drive network demand and investment. Customers may move between tariffs over time, and this is appropriate where it reflects a genuine change in demand profile and network usage. However, where eligibility criteria are overly permissive and allow movement without a corresponding change in usage, this can

weaken the link between tariffs and underlying costs, increasing the risk of cross-subsidisation between customer groups.

- The ability to update forecasts throughout the period to reflect the latest actual usage of network assets, instead of basing this on outdated forecasts.

- In relation to Alinta's submission about transmission entry service tariffs – Western Power states that compliance with the pricing principles is demonstrated in the Appendix of each price list. Notwithstanding this, it states that cost allocations will be reviewed for the AA6 proposal.

We will consider these matters as part of our review of the cost allocation in the access arrangement review. Western Power's AA6 proposal must include sufficient detail on cost allocation to allow the ERA and stakeholders to understand how costs are allocated between transmission and distribution services, between entry, exit and bidirectional services, and between customer and tariff classes.

This should include the allocation principles, cost pools, allocation drivers, supporting data, treatment of shared network costs, treatment of common and corporate costs, treatment of new or expanded functions such as DSO-related activities, and any changes from the AA5 approach. Western Power must also explain how the proposed allocation is consistent with the Access Code pricing principles, how it reflects the services and customer groups that drive costs, and how it manages the risk of cross-subsidisation between users.

4.1.11 Pricing of non-revenue target services

In the draft decision we required that Western Power must include in its AA6 proposal a complete list of non-revenue target services and the basis of pricing for each service. This information is required so that the ERA and stakeholders can assess whether pricing transparency and predictability for these services should be improved and whether any services should be developed as reference services during the AA6 review.

Western Power has confirmed it will provide a full list of all non-revenue target services together with the basis of pricing for each service in its access arrangement proposal.

For the reasons set out above, we have decided to maintain the current AA5 approach to reference services and tariffs for AA6, subject to the amendments and additional information requirements set out below. These requirements are intended to ensure Western Power's reference services and tariffs remain fit for purpose as customer technologies, connection types and network use continue to change.

Final Decision – Reference services and tariffs

Maintain the current AA5 approach to reference services and tariffs for AA6, subject to the following requirements:

- Western Power must review the tariffs for residential customers with and without distributed energy resources to ensure they are cost reflective.
- Remove the grandfathered residential and business time-of-use tariffs implemented before AA5 from the list of reference services, because they no longer align with current demand patterns.
- Amend demand-based business and industrial tariffs so demand charges are based on monthly demand at peak times, to improve incentives to shift demand from peak to off-peak periods, including through the installation of distributed energy resources.
- Publish the discount rates that apply to reference services that facilitate distributed generation or other non-network solutions in Western Power's annual network opportunities map. The relevant tariff provisions must explain how those discount rates are applied.
- Explain in the AA6 proposal how existing reference services can be used by complex bidirectional connections, including connections with behind-the-meter generation, storage or microgrid-like characteristics, to obtain the services they require. If existing reference services are not adequate, Western Power must propose amendments or new reference services.
- Amend the current list of metering, disconnection and reconnection services and associated pricing to reflect that most customers will have an advanced meter by the end of AA5.
- Include sufficient detail on cost allocation in the AA6 proposal to allow the ERA and stakeholders to understand how costs are allocated between transmission and distribution services, entry, exit and bidirectional services, and customer and tariff classes. This should include allocation principles, cost pools, allocation drivers, supporting data, treatment of shared network costs, common and corporate costs, new or expanded functions such as DSO-related activities, and any changes from the AA5 approach.
- Explain how the proposed allocation is consistent with the Access Code pricing principles, reflects the services and customer groups that drive costs, and manages the risk of cross-subsidisation between users.
- Include in the AA6 proposal a full list of non-revenue target covered services, together with the basis for pricing each service. This will improve pricing transparency and predictability and assist the ERA to determine whether any services should be developed as reference services.

5. Service standards

Each reference service must have a service standard benchmark. Service standard benchmarks define the level of service performance customers can expect, support transparency and accountability, and provide a basis for assessing Western Power's performance during the access arrangement period.

The service standard benchmarks must be reasonable and sufficiently detailed and complete to enable a user or applicant to determine the value represented by the reference service at the reference tariff.

The current access arrangement includes service standard benchmarks for transmission services, distribution services, call centre performance and streetlighting services.[9] For distribution services, separate benchmarks are applied to CBD, urban and rural feeders. Rural feeders are further separated into rural short feeders, which are less than 200 kilometres in length, and rural long feeders, which are greater than 200 kilometres in length.

The current approach for setting most benchmarks uses the average actual performance from the previous access arrangement period. The AA5 benchmarks were generally based on Western Power's average actual performance during AA4.

The exception was the benchmark for rural long feeder interruption duration. During AA4, actual performance for rural long feeders was significantly below the standard prescribed in the *Electricity Industry (Network Quality and Reliability of Supply) Code 2005* (NQ&R Code).

Because the NQ&R Code imposes a legislative obligation, the ERA considered that the access arrangement benchmark should not be set below that prescribed standard. The AA5 benchmark for rural long feeders was therefore set at 290 minutes rather than being based on average actual performance during AA4.

The current access arrangement also includes service standard benchmarks for ancillary reference services, such as supply abolishment and de-energise/re-energise services, which are expressed as the time permitted for each service. Time limits for these services are prescribed in the Metering Code. Service standards for metering services are included in Western Power's model service level agreement.

5.1 Draft decision

In the draft decision, we proposed to retain the AA5 method for setting service standard benchmarks. Under this approach, benchmarks are based on representative historical performance during the previous access arrangement period, or legislative requirements where applicable. For AA6, this means service standard benchmarks would generally be based on Western Power's actual performance during AA5.

In response to Western Power's concerns about whether benchmarks based on average historical performance would be achievable in every year, the draft decision proposed that service standard benchmarks should remain anchored to representative historical performance and legislative requirements, where applicable. We considered this approach preserved accountability for service outcomes while recognising that actual performance may vary from year to year. To address that variability, we proposed that actual performance

[9] The current service standard benchmarks are in section 4 of Western Power's approved access arrangement.

against the benchmarks should also be assessed on an average-over-time basis where that is consistent with the relevant measure.

For rural long System Average Interruption Duration Index (SAIDI), subject to the outcomes of Western Power's rural long reliability plan and any relevant change to the prescribed standard arising from the Power System Security and Reliability Review, we proposed to maintain the AA5 approach of setting the benchmark at the NQ&R Code prescribed level.

We also continued to hold the view expressed in the AA5 review that the current averaged service standards do not provide a sufficiently detailed view of reliability outcomes for customers. Over time, we consider the service standard benchmarks should become more disaggregated.

There is now more data available, but geographically disaggregated data is currently available only from 2022/23 and there are data quality issues. We proposed to continue working with Western Power towards more disaggregated service standards over time. For AA6, we proposed to focus on improving disaggregated reporting and data quality to support future implementation of more disaggregated benchmarks.

We did not accept Western Power's proposal to amend the definition of sustained interruption from one minute to three minutes. We acknowledged that, as the network evolves and automation matures, there may be merit in reviewing how different categories of interruptions are measured and reported. However, any such change should be considered holistically, including customer engagement, reporting arrangements and the interaction with service incentives, rather than through a narrow change to the definition of sustained interruptions at this stage.

We did not accept Western Power's proposal to amend the call centre performance measure to exclude the day after a major event day or a force majeure event affecting call centre performance.

5.2 Submissions on draft decision, ERA considerations and final decision

5.2.1 Setting the benchmarks

In its response to the draft decision Western Power:

- Continues to consider that a single set of measures (based on the historical average performance) cannot effectively serve both as a service performance incentive and the requirement in section 11.1 of the Access Code for Western Power to provide reference services at a service standard at least equivalent to the service standard benchmarks set out in the access arrangement.

- Although the ERA proposed specifying the calculation of actual performance against the benchmark be done on an average (over time) basis Western Power considers it may still not meet this standard, albeit to a reduced extent.

- Proposes two sets of measures - 'service compliance levels' (set at the "reasonably practicable" standards in the NQRS Code) to be used for measuring compliance with section 11.1 of the Access Code and 'expected service performance' (based on historical average) to be used in the service standard adjustment mechanism.

- For Rural Long reliability they refer to the regional reliability plan that the ERA required them to prepare. Western Power intends to submit the plan with its AA6 proposal, noting it will clarify what level of performance is reasonably practicable and provide a potential trajectory to work towards over the long term. It states that under this approach the 'expected service performance' and 'service compliance level' will be the same. Western Power acknowledges this presents compliance challenges for Rural Long but considers that it is appropriate to hold Western Power accountable for what is reasonably practicable, in line with the requirements of the NQ&R Code and Access Code. In addition, Western Power proposes waiving penalties and rewards in relation to this area of performance. It proposes to provide transparency regarding progress and performance and considers a 'use-it-or-lose-it' allowance will incentivise increased investment.

Other submissions:

- Synergy supported retaining the current benchmark approach and rejecting weaker definitions. It considers more disaggregated reporting is needed because averages can mask poor service outcomes, including for streetlighting.

- The ECP endorsed maintaining service standards and definitions but sought stronger treatment of regional reliability, including a detailed Regional Reliability Plan and use of regulatory mechanisms to support operating expenditure-based solutions where efficient.

We have decided to retain the AA5 method for setting service standard benchmarks. For AA6, benchmarks should be based on representative historical performance during AA5 or legislative requirements where applicable.

We do not accept Western Power's proposal to establish separate compliance benchmarks and incentive targets. As found in the AA5 review, separate measures can create confusion about the level of service Western Power is expected to deliver. Customers should be able to understand the level of performance represented by the reference service and the benchmark used to assess Western Power's performance. Establishing lower compliance benchmarks could also reduce accountability for maintaining current service outcomes, particularly where customers already have concerns about reliability.

We recognise Western Power's concern that section 11.1 of the Access Code requires Western Power to provide reference services at a service standard at least equivalent to the service standard benchmarks set out in the access arrangement. We also recognise Western Power's point that calculating actual performance against the benchmark on an average-over-time basis may reduce, but not eliminate, the possibility that actual performance will fall below the benchmark.

However, we do not consider these matters require benchmarks to be set at minimum standards. Service standard benchmarks are intended to define the level of service performance customers can expect from a reference service. Where benchmarks are based on average historical performance, actual performance may vary from year to year. Assessing actual performance against the benchmark on an average-over-time basis recognises that variability while preserving transparency and accountability for service outcomes.

For AA6, actual performance for comparison with the service standard benchmarks will be calculated using a five-year rolling average. The rolling average will use actual performance for the relevant year and the four years immediately preceding that year. For the first years of AA6, this means the calculation will include the relevant AA6 year and the four most recent preceding AA5 years. This aligns the basis for setting benchmarks with the basis for assessing

performance, reduces the effect of short-term volatility in annual performance results and provides a reasonable basis for assessing whether Western Power is maintaining the expected level of service over time.

For rural long SAIDI, we will maintain the AA5 approach, subject to the outcomes of Western Power's rural long reliability plan and any relevant change to the prescribed standard arising from the Power System Security and Reliability Review. The benchmark should not be set below the standard required by the NQ&R Code unless there is a clear statutory basis for doing so.

5.2.2 Disaggregated service standard benchmarks

Synergy considers more disaggregated reporting is needed because averages can mask poor service outcomes, including for streetlighting.

In the AA5 final decision, we also required Western Power to increase reporting on a geographical basis. Since 2022/23, Western Power has reported SAIDI and System Average Interruption Frequency Index (SAIFI) by individual feeder and by local government area.

We support continued development of more disaggregated service standard reporting and, over time, consideration of more geographically granular benchmarks. However, the available geographically disaggregated data is still relatively recent and there are data quality limitations. For AA6, the priority is to improve disaggregated reporting and data quality so that future implementation of disaggregated benchmarks is better informed.

5.2.3 Definition of sustained interruptions

In its response to the draft decision Western Power

- Continues to consider that amending the definition of a sustained interruption to be greater than three minutes would incentivise further automation, improving reliability performance for customers. It cites this as being the approach adopted by the Australian Energy Regulator and Ofgem. It also refers to the fact that it can take longer than 60 seconds for relevant communication systems to send faults back to the master station which impacts on Western Power's ability to restore power within the one-minute window even where 'immediate' restoration can and does successfully occur. It considers that further automation would be expected to reduce the number of sustained interruptions by automatically restoring supplies to more customers, thereby improving reliability performance. It proposes that reporting of interruptions less than three minutes could be included in the annual service standard report.

- We acknowledge that, as the network evolves and automation matures, there may be merit in reviewing how different categories of interruptions are measured, reported and reflected in incentives. However, any change should be considered holistically, including the costs and benefits of additional automation investment, customer views, reporting arrangements, the treatment of momentary interruptions.

Western Power's concern about the 60-second restoration window is already reflected in the current benchmark-setting approach, because the benchmarks are based on historical performance under the existing definition of sustained interruption. Western Power has not adequately explained why the current measure discourages efficient investment in automation, or why changing the definition to three minutes would improve customer

outcomes compared to retaining the current definition and improving reporting on shorter interruptions.

Western Power's proposal also relies significantly on approaches adopted in other jurisdictions. If Western Power wishes to make the proposed change it will need to address the concerns we have raised.

We have therefore maintained the draft decision to retain the current definition of sustained interruption.

5.2.4 Call centre performance

In its response to the draft decision, Western Power continued to consider there should be additional exclusions for major event days and force majeure events for the call centre performance service standard benchmark. It referred to a major event that occurred on the night of 29 March 2025, where calls continued into the early hours of 30 March 2025. Western Power stated that calls up until midnight on 29 March were excluded because that day was classified as a major event day, but calls received between 1 am and 4 am on 30 March were not excluded.

We consider Western Power's concern about calls received shortly after a major event day is better addressed through the interpretation and application of the existing exclusion framework, rather than by adding an additional exclusion for the day after a major event day. For the purposes of determining SAIDI and SAIFI, where an interruption on a major event day spans multiple days, the entire length of the interruption is excluded. We expect that where the operational effect of a major event continues after midnight, calls should be excluded on a consistent basis with the approach used for SAIDI and SAIFI. A general exclusion for the whole day after a major event day would be broader than necessary.

In relation to *force majeure*, Western Power submitted that all service standard benchmarks, apart from those for distribution reference services, include force majeure exclusions. On that basis, it proposed there should be a *force majeure* exclusion for the call centre performance standard benchmark. The distribution service standards are the largest component of the service standards framework.[10] They do not include a separate *force majeure* exclusion because the major event day exclusion addresses the relevant type of extreme event for those measures. As with the distribution service standards, the call centre performance benchmark is already subject to a major event day exclusion and we do not consider there should be an additional *force majeure* exclusion.

For these reasons, we do not consider the changes Western Power has proposed are necessary. We have maintained the draft decision to retain the current call centre performance method.

5.2.5 Metering services

In its response to the draft decision, Western Power agreed that AA6 could be a timely opportunity to consider the need for, and timing of, a review of the service standards in the model service level agreement.

Stakeholder concerns about metering service standards, data quality, data timeliness and business-to-business processes are more appropriately considered through a review of

[10] A *force majeure* exclusion only applies to the service standards for transmission connected customers. The transmission services performance measures do not have a major event day exclusion.

Western Power's model service level agreement than through the framework and approach for service standard benchmarks.

As part of the AA6 review, the ERA will consider whether a review of the model service level agreement is needed and whether the ERA should initiate that process. If a review is required, the ERA will consult with stakeholders on the scope, timing and process for that review.

5.2.6 Streetlighting

Synergy raised concerns about service standards and reporting for streetlighting, including the need for greater transparency about repair times, cable faults and customer impacts.

Streetlighting service standards and reporting are addressed in section 7 on the Public Lighting Strategy. We expect Western Power's AA6 proposal and Public Lighting Strategy to address stakeholder concerns about repair times, unresolved faults, cable faults, charging when lights are not operational, data transparency and customer reporting.

Final Decision – Service standards

We have decided to maintain the current (AA5) approach to setting service standard benchmarks, subject to the following:

- Actual service standard performance for comparison with the service standard benchmarks will be calculated on a five-year rolling average basis, using actual performance from the relevant year and the four years immediately preceding that year.
- For rural long SAIDI we have decided to maintain the AA5 approach, subject to the outcomes of Western Power's rural long reliability plan and any relevant change to the prescribed standard arising from the Power System Security and Reliability Review.
- For streetlighting services, Western Power's AA6 proposal and Public Lighting Strategy must address customer concerns about repair times, cable faults, charging when lights are not operational, data transparency and customer reporting. The requirements for the Public Lighting Strategy are set out in section 7.
- Western Power must continue to work with the ERA towards more disaggregated service standard benchmarks. For AA6, the focus will be on improving disaggregated reporting and data quality to support future implementation of more disaggregated benchmarks.

6. Price control, incentives and adjustment mechanisms

The Access Code establishes an incentive-based regulatory framework, rather than a cost-plus or rate-of-return framework.

The access arrangement does not set a binding expenditure allowance for the access arrangement period. Instead, it sets a price control that determines the revenue Western Power may earn through network tariffs during the period.

The price control must give Western Power a reasonable opportunity to earn revenue sufficient to recover the forward-looking and efficient costs of providing covered network services, including a return on investment commensurate with the commercial risks involved.

Western Power's current form of price control is a modified revenue cap. This means that when Western Power updates its tariffs each year, it must ensure that the forecast revenue from those tariffs is equal to the target revenue determined in the final decision (after adjusting for actual inflation and changes in the cost of debt and tariff equalisation contribution).

There is no adjustment for any under-recovery or over-recovery of actual revenue in a particular year. In addition, the forecast customer numbers and energy volumes used to calculate tariffs in the annual price list must be consistent with the relevant year demand forecast in the access arrangement.

This form of price control ensures Western Power is exposed to demand risk rather than guaranteeing it a fixed level of revenue and passing on above forecast costs (or returning above forecast revenue) to users. This provides incentives for Western Power to develop more efficient tariffs, encourage the connection of new customers and offer services that meet user requirements but also benefits Western Power by allowing it to keep above forecast revenue, cost savings or a combination of both.

Target revenue has historically been determined using a building block approach, comprising allowance for operating expenditure, asset depreciation and return on the regulated asset base, taxation, tariff equalisation contribution and adjustments from incentive and adjustment mechanisms.

Other components in the current framework that are intended to incentivise efficient expenditure while maintaining (or improving) service standard performance are:

- **The gain sharing mechanism,** which increases the incentive for Western Power to achieve operating cost efficiencies as it allows Western Power to retain the out-performance or under-performance for the same period of time, regardless of which year during the access arrangement period the out-performance or under-performance was made.

  Without the gain sharing mechanism, out-performance or under-performance in year one would be retained for five years but out-performance or under-performance in year five would be retained for only one year. Consequently, there would be less incentive to minimise operating costs in the latter years of an access arrangement period.

- **The investment adjustment mechanism** can be applied to capital expenditure.

  For expenditure that is not subject to the investment adjustment mechanism, Western Power is incentivised to minimise its costs or find additional efficiencies during the

access arrangement period because it can retain out-performance on the forecast return on investment or must fund any under-performance on the forecast return on investment.

The investment adjustment mechanism can be used where the incentive properties described above are not expected to be effective.[11] For expenditure that is subject to the investment adjustment mechanism, target revenue will be adjusted at the next review to adjust the return on investment to reflect the actual expenditure incurred.

Actual capital expenditure (whether it was subject to the investment adjustment mechanism or not) is reviewed at the next access arrangement review and only efficient capital expenditure is added to the opening capital base for the next period.

- **The D-factor,** which was introduced to reduce potential bias between capital and operating expenditure. The current framework creates different incentives for capital and operating expenditure. Efficient capital expenditure is added to the regulated asset base at the next review, whereas there is no general retrospective recovery mechanism for operating expenditure. This can create a bias towards capital solutions even where a non-capital solution would be more efficient. The D-factor was introduced to reduce this bias by allowing certain operating expenditure to be recovered in the next access arrangement period where it defers capital expenditure or supports network control services or demand-management initiatives.

- **The service standard adjustment mechanism,** which is intended to ensure that cost efficiencies are not achieved at the expense of service standards and that service standards are maintained or improved. Western Power earns a financial reward if it exceeds the service standard benchmark and incurs a penalty if it performs below the service standard benchmark.

- **The demand management innovation allowance mechanism,** which provides funding for innovative research and development in demand management projects that have the potential to reduce long term network costs.

Additionally, the provisions in the Access Code for mid-period revisions provide a limited safety mechanism for discrete and externally imposed events that cannot reasonably be managed through *ex ante* forecasting and adjustment mechanisms within the access arrangement.

The price control, incentive mechanisms, adjustment mechanisms and mid-period revision provisions operate as an integrated framework. Setting target revenue in advance provides users with greater price certainty and gives Western Power incentives to prepare robust forecasts, manage costs and pursue efficient demand-side and non-network solutions. Adjustment mechanisms and mid-period revision provisions provide tools to manage defined uncertainty without removing Western Power's accountability for efficient forecasting, planning and delivery.

[11] The following expenditure categories are currently subject to the investment adjustment mechanism:
- The transmission network expansion projects identified by Government to support the announced closures of coal fired generation as set in the AA5 final decision.
- Underground power program.
- Standalone power systems program.
- Allowance for developing and implementing an overall plan to address regional reliability, including implementing solutions that improve reliability in pilot areas, as set out in the AA5 final decision.

6.1 Draft decision

In the draft decision, we considered how the price control, incentive mechanisms, adjustment mechanisms and mid-period revision provisions should operate together during AA6. We recognised that the AA6 period is likely to involve greater uncertainty than previous access arrangement periods, including uncertainty about demand, connection timing, electrification, distributed energy resources and the mix of network and non-network solutions. However, we considered that uncertainty should be managed in a way that preserves incentives for Western Power to prepare robust forecasts, manage costs, select prudent and efficient solutions and remain accountable for delivery.

The draft decision therefore retained the main elements of the existing incentive-based framework, while proposing targeted changes to improve how uncertainty is managed and to reduce any bias between capital expenditure and operating expenditure solutions. In summary, the draft decision:

- Considered that targeted amendments could be made to the existing price control to accommodate material forecasting uncertainty, subject to Western Power putting forward a robust case that preserved incentives for sound forecasting and efficient delivery.
- Clarified that the gain sharing mechanism is intended to apply to operating expenditure outcomes that are within the scope of the base-step-trend forecast and the incentive framework. Costs addressed through other defined mechanisms, such as unforeseen events, new obligations, the D-factor and any expenditure adjustment mechanism, are excluded from the gain sharing mechanism. Applying an arbitrary cap to the gain sharing mechanism would impede the incentive properties of the mechanism and be inconsistent with the Access Code requirements.
- Proposed introducing a combined capital and operating expenditure adjustment mechanism to better manage defined uncertainties and support selection of the most efficient solution, whether it involves capital expenditure, operating expenditure or both. We also proposed modifying the current D-factor to work in conjunction with the expenditure adjustment mechanism. Western Power would need to identify expenditure (tightly specified for specific projects or programs with clear output measures) that it proposes should be included in such a mechanism together with a robust case for why it is necessary.
- Retained the current service standard adjustment mechanism and demand management innovation allowance.
- Considered that the existing arrangements for mid-period review of the access arrangement are adequate for managing uncertainty, Additional prescription in the access arrangement for mid-period revisions would reduce flexibility and potentially create confusion.

6.2 Submissions on draft decision, ERA considerations and final decision

6.2.1 Price control

Western Power's response to the draft decision acknowledges that the form of price control for AA6 should be designed to promote efficient investment and operation, preserve

meaningful incentives and allocate risks in a way that promotes the long-term interests of customers. It considers:

- The price control should decouple revenue from uncontrollable factors that cause demand variations, including uncontrollable demand variation and customer churn between tariffs (which is decided by retailers).
- This approach should be complemented by appropriate uncertainty mechanisms that allow for adjustments where there are material changes in external conditions and by incentive frameworks that promote efficient utilisation of the network, demand management and the integration of DER.

Western Power generally frames the price control as being the 'opportunity to recover target revenue'. It also describes how it has been applying the current price control and lists various concerns which it considers have led to actual revenue being lower than forecast target revenue.

However, Western Power states that it welcomes the ERA's openness to considering alternative approaches and options and is keen to work with the ERA to identify practical approaches that maintain the strengths of the existing arrangements while improving their operation in a more uncertain environment.

Western Power provides detail on how it currently forecasts demand and highlights three key drivers of uncertainty where it considers the associated scale will have a large impact on Western Power's revenue recovery and which are hard to manage in that their characteristics do not lend themselves to robust and repeatable forecasting:

- Block loads – Western Power notes block loads are significant, often infrequent changes, such as new developments or large customer connections, that introduce a step-change in demand. As they represent fundamentally new demand sources, they cannot be meaningfully forecast using methods based on historical data. Western Power considers the timing, scale and load profile of new large customers on transmission lines is highly uncertain and dependent on external commercial factors and government policy. By their nature, new transmission-connected customers represent large 'lumpy' increments of load which have a significant impact on the network and on revenue.
- EVs – Western Power notes these forecasts are uncertain. In recent years, sales of EVs in Australia have experienced strong growth, albeit not to the same extent as in many other Organisation for Economic Co-operation and Development economies. Work undertaken by CSIRO in 2025 acknowledged a range of scenarios across future years. Sales growth in Australia has accelerated in early 2026 to a greater extent than generally expected, in light of sharply increased oil prices, to reach 15 per cent of all new car sales in April 2026. Current EV scenarios range up to four per cent above the base forecast and the forecast variability is compounded with the uncertainty associated with population growth, charging behaviour and offsetting assets (solar panels and batteries).
- Distributed batteries – Western Power notes the battery sector has yet to reach technical maturity, and uptake will be driven by market reforms and policy drivers outside of Western Power's control. Although Western Power is actively involved in the planning and forecasting of DER, battery uptake during AA6 period remains highly uncertain. This includes uncertainty in timing, quantity, and end-state consumption (that is, demand and time of use), which are not within Western Power's control and cannot be known until technologies, and the rate of change, mature.

Other submissions:

- Alinta, the AEC, Synergy and Zenith supported retaining the modified revenue cap and opposed a pure revenue cap because it could weaken incentives for forecasting, demand-side solutions, connection management and efficient tariff design.
- The AEC and Synergy considered any refinements should be tightly targeted, evidence based and preserve the current allocation of demand risk to Western Power where it is best placed to manage that risk.
- The ECP was conditionally supportive of a pure revenue cap, but only if accompanied by stronger incentive and accountability mechanisms, including independent evaluations, market participant surveys and incentive payments.

In the draft decision we did not accept Western Power's proposal to revert to a pure revenue cap, but we recognised that the energy transformation may increase uncertainty for particular demand drivers. Our view was that the existing price control can be amended to accommodate this forecasting uncertainty if needed and that, subject to a robust case being put forward, we would consider targeted amendments for clearly defined circumstances that preserved incentives for sound forecasting and efficient delivery.

As noted above, stakeholders were supportive of this approach. The ECP was conditionally supportive of a pure revenue cap, but only if accompanied by stronger incentive and accountability mechanisms, including independent evaluations, market participant surveys and incentive payments.

As set out in the draft decision, we recognise change may be needed but we consider the current price control remains the appropriate starting point because it allocates demand risk in a way that preserves incentives for Western Power to prepare robust demand forecasts, manage connection and load risks, develop efficient tariffs and pursue efficient demand-side and non-network solutions. A pure revenue cap would materially shift demand risk from Western Power to customers. That risk allocation may reduce the consequences of forecasting error for Western Power, but it would also weaken incentives that are important under the Access Code framework.

Western Power appears to consider that the price control should operate as a revenue recovery mechanism. The Access Code requires the price control to provide Western Power with the opportunity to earn revenue (target revenue) for the access arrangement period from the provision of covered services that meets the forward-looking and efficient costs of providing regulated network services, including a return on investment commensurate with the commercial risks involved. The Access Code expressly provides that target revenue is a target, not a ceiling or a floor.

Western Power also has concerns with the application of the current price control formula that it considers has led to actual revenue being lower than forecast target revenue. As set out in our annual progress reports, actual revenue during AA4 was slightly above the amount forecast using the price control. During AA5, actual revenue has been lower than forecast. Based on the information currently available, this does not appear to be caused by the specification of the price control itself. We are continuing to work with Western Power to understand the causes of these differences.

As set out in the draft decision, we acknowledge that the AA6 period will involve increasing uncertainty. Western Power has identified block loads, EVs and distributed batteries as key drivers of uncertainty that could have material effects on revenue. The existence of uncertainty does not, by itself, justify transferring all demand risk to customers. However, it may justify

targeted amendments where Western Power demonstrates that a particular driver is materially different in nature or scale and cannot reasonably be managed through forecasting, planning, operational responses or existing mechanisms.

Western Power may therefore propose targeted amendments to the existing price control in its AA6 proposal. Any proposal must identify the specific demand driver, explain why the uncertainty is material, show why Western Power is not best placed to manage the risk through the ordinary operation of the price control, and demonstrate that the proposed amendment is the least distortionary way to address the issue.

Any targeted amendment should also explain how customer impacts will be managed, how tariff volatility will be limited, how the mechanism interacts with demand forecasts and tariff-setting, and how efficiency incentives will be preserved. The ERA will assess any such proposal as part of the AA6 access arrangement review.

6.2.2 Operating expenditure and gain sharing mechanism

Western Power proposed amendments to the gain sharing mechanism that we did not accept in the draft decision.

In its response to the draft decision, Western Power:

- Continues to consider that the operation of the mechanism should account for over- or under-spends that happen due to factors beyond the reasonable control of a prudent and efficient service provider.
- Considers capping the level of total revenue adjustment that can be made as a result of the surpluses and deficits achieved under the gain sharing mechanism would be one way of mitigating risks for both consumers and Western Power (including those risks outside of Western Power's control). Strong incentives on Western Power would be retained in the band between the cap and collar.
- However, it notes there are alternative approaches to achieve this – including by excluding 'uncontrollable costs' such as the ERA fees and Energy Safety Levy.
- Is keen to work with the ERA to consider what categories of expenditure it would be appropriate to exclude from the operation of the gain sharing mechanism, particularly in the context of the introduction of an operating expenditure adjustment mechanism (or a combined investment/operating expenditure adjustment mechanism).

We consider the question is not simply what expenditure should be excluded from the gain sharing mechanism. The more fundamental question is what expenditure should be forecast using the base-step-trend approach, as has been used historically by Western Power to forecast operating costs in its access arrangement proposals. Expenditure that is forecast through the base-step-trend approach should generally remain within the gain sharing framework because the forecasting method and the incentive mechanism work together to reveal efficient expenditure over time.[12]

The base-step-trend approach is intended to forecast expenditure that is recurrent in nature and forms part of the ongoing efficient cost of operating, maintaining and supporting the

[12] The gain sharing mechanism increases the incentive for Western Power to achieve operating cost efficiencies as it allows Western Power to retain the out-performance or under-performance for the same period of time, regardless of which year during the access arrangement period the out-performance or under-performance was made.

network. It is designed to forecast costs that can reasonably be represented by an efficient base year of expenditure, adjusted for identifiable changes in scope or obligations, expected changes in outputs, input prices and productivity.

Expenditure that cannot reasonably be forecast through the base-step-trend approach may warrant separate treatment through a specific forecasting or adjustment mechanism. This may include costs that are inherently uncertain, event-driven, project-specific or more accurately forecast through a defined mechanism. Western Power's AA6 proposal should explain which operating expenditure categories it proposes to forecast through the base-step-trend approach, which categories it proposes to treat separately, and how each proposed treatment interacts with the gain sharing mechanism. Any exclusion from the gain sharing mechanism must be justified by the nature of the cost, the limits of the forecasting method, and the operation of any other adjustment mechanism.

6.2.3 Expenditure adjustment mechanisms

In the draft decision we did not accept Western Power's proposal to include all growth expenditure in the investment adjustment mechanism.

However, we agreed that the investment adjustment mechanism could be developed into a more targeted tool for managing specific uncertainties. In particular, we proposed a combined investment and operating expenditure adjustment mechanism to ensure that the efficient solution is selected regardless of whether it involves capital expenditure, operating expenditure or a combination of both. We also proposed modifying the current D-factor to work in conjunction with the expenditure adjustment mechanism.

In its response to the draft decision, Western Power:

- Continues to consider that it would likely be appropriate to include growth-related capital expenditure in an uncertainty management mechanism. It notes that growth-related capital expenditure is driven primarily by changes in peak demand whereas changes in revenue recovery are driven primarily by changes in overall energy volumes. In recent years, peak demand has been growing to a much greater extent than energy volumes. Under these circumstances, any revenue growth will tend to be outpaced by increased costs associated with the need for capacity expansion and customer-driven capital expenditure. Hence, it can still be appropriate to include growth-related capital expenditure in the scope of the investment adjustment mechanism, even if the existing form of price control is retained.

- Agrees the expenditure adjustments proposed by the ERA could be useful.

- Suggests also including an 'agree and release' funding approach similar to the contingent projects in the National Electricity Market. If, during the access arrangement period, the pre-defined circumstances eventuate, an additional revenue allowance would be added to the target revenue, in order to provide funding for the associated capital expenditure now required. This additional allowance could be pre-set at the time of the access arrangement review, although the ERA might undertake a final review of the cost and consequent impact on tariffs. It suggests this could be used for some of the Clean Energy Link programs.

- Will continue its work to identify projects with the most substantial uncertainty going forward, and will work with the ERA over the course of the access arrangement review process to develop the most appropriate mechanisms and identify relevant proposed categories of expenditure.

Other submissions:

- Synergy supported a combined investment and operating expenditure adjustment mechanism for specific projects or programs where it would improve the framework.
- The ECP strongly supported the mechanism as reflecting totex principles and enabling capital and operating expenditure options, including flexibility services, community batteries and stand-alone power systems, to be assessed on an equal economic footing.

We do not accept Western Power's proposal to include all growth-related capital expenditure in the investment adjustment mechanism. That approach would be too broad, would reduce transparency and accountability, and would risk weakening the incentive for Western Power to prepare well-supported demand and investment forecasts at the start of the access arrangement period.

However, as set out in the draft decision, we consider that uncertainty may justify targeted expenditure adjustment mechanisms for specific projects or programs. Such mechanisms may be appropriate where the relevant need, timing, scope or efficient solution is uncertain at the time of the AA6 review, and where a mechanism would improve the treatment of uncertainty without materially weakening incentives for sound forecasting, efficient delivery and accountability.

A combined investment and operating expenditure adjustment mechanism would help ensure the most efficient option is chosen regardless of whether it involves capital expenditure, operating expenditure or a combination of both. This may be particularly relevant for programs involving non-network solutions, flexibility services, demand management, stand-alone power systems, or other alternatives to traditional network investment.

It is open to Western Power to identify any proposed expenditure adjustment mechanism in its AA6 proposal. It must specify the project or program to which the mechanism applies, define the trigger conditions, identify the outputs or outcomes to be delivered, explain the assessment and reconciliation method, and demonstrate how the mechanism preserves transparency, accountability and efficiency incentives.

We will consider any proposed mechanism as part of the AA6 access arrangement review. A mechanism is more likely to be appropriate where it is tightly specified, linked to clear outputs or outcomes, subject to transparent reporting, and designed to avoid inefficient bias between capital and non-capital solutions.

6.2.4 Service standard adjustment mechanism

Western Power raised concerns about the interaction between service standard benchmarks and the service standard adjustment mechanism. It proposed separate 'service compliance levels' for assessing compliance with section 11.1 of the Access Code and 'expected service performance' measures for the service standard adjustment mechanism. Western Power was also concerned that the ERA may have been proposing to use a rolling average in the service standard adjustment mechanism, which it considered would dilute incentives.

The approach to setting service standard benchmarks, including the use of a 5-year rolling average to compare actual performance with benchmarks for reporting and assessment purposes, is addressed in section 5.

We have maintained the draft decision to retain the current service standard adjustment mechanism. The mechanism remains an important part of the incentive framework because it

helps ensure cost efficiencies are not achieved at the expense of service performance. It will continue to operate using the approved benchmark values and annual performance, unless otherwise determined through the AA6 review.

Western Power's rural long reliability plan and the treatment of rural long SAIDI are addressed in section 5. We do not consider it necessary to duplicate that analysis in this section.

6.2.5 Demand management innovation allowance mechanism

In its response to the draft decision, Western Power acknowledged the ERA's decision that no changes are needed to the current demand management innovation allowance mechanism. However, it states that in the coming months Western Power planning may identify the need for additional allowances and notes the ECP's encouragement for the ERA to expand the use of mechanisms like the innovation allowance.

Western Power considers such a broadening could be within the existing demand management innovation allowance mechanism, or through a new innovation fund (for example, a total expenditure allowance on a use-it-or-lose-it basis) which could cover defined categories of work and/or projects. Western Power refers to Ofgem providing a broader 'Network Innovation Allowance' to the Electricity Transmission, Gas Transmission and Gas Distribution networks under its RIIO-3 price control.

Other submissions:

- The ECP encouraged broader use of innovation allowance-type mechanisms and suggested a mechanism to allow Western Power, with Ministerial agreement, to respond quickly to federal funding opportunities during AA6.

The demand management innovation allowance was introduced through a specific amendment to the Access Code. The policy intent was clear about what the allowance could be used for and that the level of the allowance should be limited. The ERA cannot create a broader innovation fund through the framework and approach unless the proposed expenditure otherwise satisfies the Access Code requirements. Western Power may include proposed innovation-related expenditure in its AA6 proposal, but it will need to demonstrate that the expenditure meets the relevant Access Code tests or falls within an approved mechanism.

We have therefore maintained the draft decision to retain the current demand management innovation allowance mechanism.

6.2.6 Mid-period revisions

In its response to the draft decision Western Power considers additional guidance and clarity is required around the processes for lodging and assessing mid-period revisions.

In relation to section 4.37 of the Access Code which deals with 'trigger events' it notes:

- The current access arrangement contains a single trigger event which Western Power considers:
  - Only includes significant unforeseen events and does not include events that are foreseeable but which are uncertain in their likelihood or timing.
  - Is generic in nature which results in it not being capable of objective assessment through a pre-defined test, resulting in a lack of regulatory certainty.

– Does not require a full reopening of the access arrangement.

– Would be improved by including several defined trigger events in the access arrangement in addition to the generic trigger event and considers this would lessen the need for the ERA to apply regulatory discretion regarding the occurrence of an event.

In relation to the mid-period revisions under section 4.41A Western Power states that the process by which Western Power would apply for, and the ERA would assess, such proposed revisions are described in the Access Code only at a very high level. Western Power considers additional guidance and clarity is required to promote regulatory certainty which would benefit both Western Power and customers.

Given the ERA's draft decision and the differing understandings of the operation of the section 4.37 mechanism, Western Power suggests this matter might be addressed through a future review of the Access Code in order to clarify the operation of the mechanisms available for the making of mid-period revisions.

Other submissions:

- The AEC considered Western Power should explain how uncertainty will be managed during AA6, including the proposed adjustment mechanisms and circumstances that would trigger formal adjustments or mid-period revisions.

- The AEC preferred uncertainty to be managed through transparent engagement and staged approvals rather than avoidable risk transfer and tariff volatility.

- Synergy supported retaining flexibility in the current framework but suggested the final decision set out principles for considering mid-period revisions or targeted adjustment mechanisms, including materiality, evidence, control, customer impacts, consultation and efficiency incentives.

In our view, the Access Code is clear that an application made under section 4.37 is subject to the full access arrangement review process set out in sections 4.46 to 4.52, including the requirements in sections 4.2 to 4.36. As we have previously stated, section 4.37 is intended to be used only in the most serious circumstances. The trigger event wording in the access arrangement reflects this.

In contrast, section 4.41B makes clear that mid-period revisions made under sections 4.38, 4.41 or 4.41A do not necessarily involve a full access arrangement review.

We do not consider it is possible or desirable to prescribe beyond what is already included in the Access Code. The flexibility in the Access Code is an advantage, but it provides only a limited safety mechanism for discrete and externally imposed events that cannot reasonably be managed through *ex ante* forecasting and control design.

It is open to Western Power to apply for a mid-period revision where it considers the Access Code requirements are met. In considering any such application, the ERA would assess whether the advantages of varying the access arrangement outweigh the disadvantages, including decreased regulatory certainty and increased regulatory cost and delay.

In assessing any application, relevant considerations are likely to include the materiality of the event or change in circumstances, the quality of supporting evidence, whether the matter was within Western Power's reasonable control, whether it could reasonably have been managed through forecasting, contingency allowances, adjustment mechanisms or ordinary risk

management, the impact on customers and tariffs, the extent of consultation undertaken, and whether the proposed revision preserves incentives for efficient planning, expenditure and delivery.

Final Decision – Price control, incentives and adjustment mechanisms

We have decided to make the following amendments to the existing price control, incentives and adjustment mechanisms:

- Western Power may propose targeted amendments to the existing price control in its AA6 proposal. Any proposed amendment must identify the specific demand driver, explain why the uncertainty is material, and show why Western Power is not best placed to manage the risk through the ordinary operation of the price control. Western Power must also demonstrate that the amendment is the least distortionary way to address the issue.
- The investment adjustment mechanism will be expanded into a combined capital and operating expenditure adjustment mechanism to better manage uncertainty and support selection of the most efficient option, whether it involves capital expenditure or operating expenditure. The current D-factor will be modified to work in conjunction with the expenditure adjustment mechanism. Western Power must identify any expenditure it proposes to include in the mechanism, clearly specify the relevant projects or programs and output measures, and explain why inclusion in the mechanism is necessary.

The current gain sharing mechanism, service standard adjustment mechanism and demand management innovation allowance have been retained.

7. Streetlighting

We consider the Public Lighting Strategy introduced in AA5 was a positive step and that Western Power has made some progress. However, the pace of improvement has not resolved the longstanding concerns raised by customers and stakeholders. Public lighting issues continue to affect local governments, retailers and end-use customers, and they need to be addressed through a more transparent and accountable strategy in AA6.

The draft decision:

- Proposed requiring Western Power to submit its public lighting strategy with its proposal so it can be reviewed as part of the access arrangement review.
- Proposed requiring Western Power to submit the annual updates of the Public Lighting Strategy (and any updated versions) and associated consultation materials to the ERA. We will publish these documents (as appropriate) and manage or oversee consultation on the strategy during the access arrangement period. This was intended to ensure transparency and effective consultation.
- Set out our expectations of what should be included in the strategy. This was based on our views and the views expressed in stakeholder submissions on the issues paper.

7.1 Submissions on draft decision

In its response to the draft decision, Western Power:

- Does not support the ERA's proposed approach with regard to its public lighting strategy and considers that Western Power is best placed to manage consultation on this strategy and its timing.
- Considers that public lighting planning forms part of the broader network planning portfolio and is subject to prioritisation, including resourcing and funding constraints. As a result, public lighting activities evolve over time in response to changing network and competing priorities. Managing consultation directly allows Western Power to engage with stakeholders in a timely and integrated manner, consistent with how decisions are made and implemented in practice. Notes its current consultation for streetlighting strategy is expected to resume in the coming months, following completion of current prioritisation activities.
- Acknowledges the ERA's intent to explore mechanisms that may improve service outcomes, including enabling customers to engage third parties to undertake streetlighting repairs. However, Western Power does not support the introduction of such processes, as they would be inconsistent with its safety, regulatory, and asset accountability obligations.
- Acknowledges customers' frustration from the varied and often long wait time for repair of cable faults. States it is aware of concerns that the current service standards do not capture key elements of customer experience and may not provide the levels of transparency customers, or the ERA, expect. However, does not support the introduction of a new service standard benchmark for streetlighting cable faults or the inclusion of the impact of cable faults in the existing streetlight service standard benchmark. It considers streetlight cable fault repair times are too heavily reliant on external factors such as:

  - Local Government permitting requirements
  - Main Roads Western Australia approvals for closure of road corridors
  - availability of specialist cable locating resources
  - traffic management requirements
  - other site access constraints and considerations.

- Considers its accountability to customers can be demonstrated through proportionate improvement in transparency of its performance. Western Power supports providing greater transparency about the number of cable faults and the duration of these faults, once resolved, and based on available information.

- Notes that there is difficulty in determining the number of lights impacted by each fault. Western Power relies on members of the public and Local Governments to report streetlight faults (that is, lights not operating) via its online portal or Customer Service Centre. If Western Power was required to report accurately on repair times for streetlight cable faults, this would require investment in systems and processes to capture this data accurately. Considering customer concerns surrounding affordability Western Power is concerned that the benefits of improved data on the number of lights impacted would not outweigh the costs. It acknowledges that customers may use information on the number of lights impacted by cable faults when assessing the variable charge on their bills. Its assessment of the available data indicates that the number of affected streetlights due to cable faults is small, and this corresponds to a modest impact on the variable portion of network charges.

- Western Power supports proportionate improvement in transparency on these faults and has been investigating ways of providing repair times and volumes by local government authorities for streetlight cable faults that have been resolved during a year to include this information in annual service standard performance reporting.

Other submissions:

- Synergy supported requiring a Public Lighting Strategy to be submitted with the AA6 proposal so it can be assessed alongside expenditure, tariffs, service standards and delivery commitments.

- Synergy considered the strategy should operate as an improvement plan, addressing service issues, actions, expenditure, timeframes, service standards, charging where lights are not operational, data transparency and engagement.

7.2 ERA considerations and final decision

In AA5, we required Western Power to consult on and publish a Public Lighting Strategy and update it each year. The requirement was intended to improve transparency and provide a structured basis for addressing stakeholder concerns about public lighting services.

Western Power published a strategy during AA5, but progress has been limited. Stakeholders continue to raise concerns about repair times, unresolved faults, cable faults, charging when lights are not operational, data quality, reporting and communication with Western Power.

Public lighting is important to local governments, communities and road users. The AA6 review provides an opportunity to improve transparency, accountability and delivery by requiring Western Power to submit its Public Lighting Strategy with its AA6 proposal. This will allow the ERA and stakeholders to assess whether Western Power's proposed actions are sufficient to address longstanding public lighting concerns alongside proposed expenditure, tariffs, charging arrangements, service standards, performance reporting and delivery commitments.

We accept that Western Power is responsible for operating and maintaining its public lighting assets safely and in accordance with its regulatory obligations. Our decision does not require Western Power to implement third-party repair arrangements where doing so would be inconsistent with safety, regulatory or asset accountability obligations. However, Western Power must address whether there are safe and practicable ways to improve customer choice, third-party delivery or coordination for public lighting activities.

We have also maintained the requirement for Western Power to submit the annual updates of the Public Lighting Strategy (and any updated versions) and associated consultation materials to the ERA. We will publish these documents (as appropriate) and manage or oversee consultation on the strategy during the access arrangement period. This approach is intended to improve transparency and accountability while still allowing Western Power to manage operational engagement with customers and local governments.

We will assess the adequacy of Western Power's proposed Public Lighting Strategy as part of the AA6 access arrangement review. We will consider whether the strategy is sufficiently specific, whether proposed expenditure is justified by expected service and customer outcomes, and whether reporting and consultation arrangements are adequate to support accountability during AA6.

Final Decision - Streetlighting

Western Power must submit a Public Lighting Strategy with its AA6 proposal so it can be reviewed as part of the access arrangement review. The strategy must include:

- A clear description of the purpose, scope and time horizon of the strategy, including how it will be used during AA6 and how it will be updated.
- An explanation of the public lighting services, assets and activities covered by the strategy, including the interaction between the strategy, the access arrangement, the model service level agreement and any relevant customer or local government processes.
- A summary of current performance, including repair times, unresolved faults, cable faults, outage types, data limitations and any material differences in performance by local government area or other meaningful grouping where information is available.
- A diagnosis of the main causes of delay or poor customer experience, including the role of permitting, road access, traffic management, specialist resources, outage access, asset information, customer reporting and data systems.
- The improvement actions Western Power proposes to take during AA6, including priorities, expected benefits, delivery milestones, dependencies, risks and how progress will be measured.
- A review of streetlighting service standards and reporting, including whether existing repair-time measures remain fit for purpose and how cable faults and other material outage types will be reported.
- A review of charging arrangements for periods when lights are not operational, including whether credits, adjustments or improved reconciliation processes are appropriate and practicable.
- Improved data provision to customers, including asset data, fault and repair information, performance reporting and information needed to reconcile charges and plan lighting upgrades.
- Processes for customers to request, plan and coordinate changes to public lighting assets, including LED upgrades and other lighting changes.
- An assessment of whether safe and practicable third-party delivery, contestability or customer-led delivery pathways can be used for any public lighting activities, and if not, why not.
- A consultation and reporting plan for AA6, including how Western Power will engage with local governments, retailers, customers and other stakeholders, how feedback will be addressed, and what information will be published or provided to the ERA.

Western Power must submit annual updates of the Public Lighting Strategy to the ERA during AA6. The ERA will publish those updates.

8. Connecting customers

Timely and predictable connection processes are important for customers, retailers, generators, storage providers, major loads, local governments and other network users. They are also important to the efficient delivery of electrification, distributed energy resources, electric vehicles and major economic development projects.

Our draft decision proposed requiring Western Power to submit a connections improvement strategy with its AA6 access arrangement proposal and set out our expectations of what it should include.

8.1 Submissions on draft decision

In its response to the draft decision Western Power:

- Recognises the importance of improving timeframes for connecting to its network, is progressing improvements to connections as part of ongoing initiatives and will continue to engage with the ERA on how these improvements can be appropriately reflected in the AA6 framework.
- Considers that any strategy or reporting expectations should be proportionate and reflect the evolving nature of underlying processes and capabilities.

Other submissions included the following:

- Alinta, the AEC, Synergy, Zenith and the ECP generally supported a Connections Improvement Strategy and stronger accountability for connection timeframes and performance.
- The AEC raised concerns about long connection timeframes and unintended consequences of the critical project framework, while Synergy considered resourcing and capability may be the main constraint.
- Zenith emphasised the needs of complex projects and licensed network operators, including clearer targets, cost transparency, streamlined processes and better engagement.
- The ECP supported stronger accountability mechanisms, including independent expert review and market surveys.
- Electrify Everything WA supported improvements to connection processes and greater transparency for emerging customer technologies and connection arrangements.

8.2 ERA considerations and final decision

As set out in the draft decision, we recognise that Western Power has made process improvements during AA5 and that connection processes are continuing to evolve. However, connection performance remains important to customers, network users and the energy transition. Further work is needed to improve connection processes in a structured and transparent way during AA6.

The energy market transformation will require new and more complex connections to Western Power's network, including for renewable generation, storage, major loads, electric vehicle

charging infrastructure, electrification, distributed energy resources and other emerging technologies. Timely and predictable connection processes will therefore be critical to customer outcomes, efficient network development and delivery of the energy transition.

Requiring Western Power to submit a Connections Improvement Strategy with its AA6 proposal will allow the ERA and stakeholders to assess whether Western Power's proposed actions are likely to improve customer outcomes and whether additional regulatory measures, such as further service standards or incentive mechanisms, may be needed through the AA6 review.

The strategy should be sufficiently specific to identify current performance, causes of delay, improvement actions, expected connection times, stakeholder engagement and reporting arrangements. It should also explain how enquiry, application and connection processes will be made fit for purpose for complex bidirectional connections, emerging technologies and staged connection or staged operation where relevant.

We will assess the adequacy of the Connections Improvement Strategy as part of the AA6 access arrangement review.

Final Decision – Connecting customers

Western Power must submit a Connections Improvement Strategy with its AA6 proposal. The strategy must:

- Identify and categorise the different types of connections, including residential and small business connections, embedded generation and other distributed energy resource connections, electric vehicle charging connections where distinct, major customer and large load connections, storage connections, licensed network or microgrid-related connections, and other complex bidirectional connections.
- Explain how enquiry, application and connection processes will be made fit for purpose for complex bidirectional connections, including where staged connection or staged operation is required.
- Explain how Western Power will improve transparency regarding connection requirements, technical assessments, application processing, approval pathways and customer guidance for new and emerging technologies.
- Explain how each connection category is currently managed within Western Power, including the relevant business areas, key process stages, interfaces with applicants and network users, and any interactions with the applications and queuing policy.
- Provide baseline performance information for each material connection category. The strategy must define key timeframes, start and stop points, exclusions, data limitations and how performance varies across connection types and stages.
- Diagnose the main issues affecting timely and predictable connections, including resourcing, systems, modelling, information requirements, queue management, applicant readiness, network constraints, outage access, third-party dependencies and the treatment of complex or staged projects.
- Set out the improvement initiatives Western Power proposes to implement during AA6, including process changes, system improvements, standardisation, self-service tools, publication of information, use of qualified third parties where safe and practicable, resourcing or capability uplift, and changes to customer communication or escalation pathways.
- Identify the level of improvement Western Power expects to achieve during AA6, including interim milestones, and explain how progress will be monitored and reported.
- Explain how Western Power has engaged with applicants, network users, retailers, local governments, developers, generators, storage providers and other stakeholders in developing the strategy, what feedback was received, how that feedback changed the strategy, and how ongoing feedback will be incorporated during AA6.

9. Expectations for contributions policy

The contributions policy sets out how the costs of new or upgraded connection assets and related shared network augmentation are assessed, allocated and recovered from connecting customers, future beneficiaries and the broader customer base.

In the draft decision we included key matters Western Power should take into account when preparing its updated contributions policy:

- Review the existing headworks scheme and consider whether modifications or additional headworks schemes could be introduced to address the matters raised in stakeholder submissions on the framework and approach issues paper.
- Increase transparency and predictability of connection costs and contributions, including how shared network augmentation costs are assessed and allocated.
- Ensure customers can use third parties to undertake works if that is their preference and it is practicable.

9.1 Submissions on draft decision

In its response to the draft decision, Western Power states it is undertaking a review of its contributions policy in preparation for submission in its proposed access arrangement in February 2027. It notes this will reflect any changes made to the current distribution low voltage connection scheme as well as the potential amendments to the Electricity Industry Act 2004, which introduce a new fixed capital charge for transmission-connected customers (over 10 megawatts).

Other submissions:

- Alinta and the AEC sought clearer treatment of shared assets and shared network costs to reduce ambiguity, avoid first-mover disadvantage, improve reimbursement transparency and support efficient investment.
- Alinta suggested a broader definition of shared assets that captures investments providing benefits beyond the connecting applicant, with costs recovered over time from future beneficiaries where appropriate.
- Synergy supported improved transparency and accountability but cautioned against inequitable cost shifting to the broader customer base where costs are more appropriately borne by connecting customers or identifiable beneficiaries.
- Synergy also sought guidance on how any Fixed Capital Charge decision would interact with the contributions policy during AA6.

9.2 ERA considerations and final decision

The transformation of the energy sector will require new and more complex connections to Western Power's network. This will increase the importance of transparent and predictable connection cost arrangements. Customers and developers need clear information about how contributions are calculated, when shared network costs may be allocated to them, whether future users may contribute to shared assets, and what options are available to manage or reduce connection costs.

Western Power's submission confirms that it is reviewing its contributions policy for AA6 and that related government initiatives may affect connection charging arrangements.

We expect Western Power's AA6 proposal to address stakeholder concerns about transparency and predictability of connection costs, allocation of shared network augmentation costs, low-voltage connection scheme settings, potential headworks-style arrangements and opportunities for customers to use third parties for connection-related works.

The proposal should explain how the proposed contributions policy supports efficient connection decisions, fair and transparent cost allocation, orderly network development and customer choice, while maintaining safety, technical compliance and efficient cost recovery.

Final decision – Contributions policy

Western Power must address stakeholder feedback on the contributions policy in its AA6 proposal, including feedback on connection costs, shared network augmentation costs and headworks-style arrangements. The proposal must:

- Explain how connection costs and contributions will be calculated, including the treatment of dedicated connection assets, shared network augmentation, revenue offsets and future customer contributions.
- Improve transparency and predictability of connection costs, including the information customers will receive at each stage of the enquiry, application and connection process.
- Define shared assets and explain how shared network augmentation costs will be assessed and allocated between connecting customers, future beneficiaries and the broader customer base.
- Review the existing headworks scheme and explain whether modifications or additional headworks-style arrangements should be introduced.
- Review the distribution low-voltage connection scheme settings and explain the implications for regional housing development, growth areas and other relevant regional priorities.
- Explain how the contributions policy will remain coherent with relevant government initiatives, including potential fixed capital charge arrangements and broader housing or headworks initiatives.
- Assess whether customers can use qualified third parties to undertake connection-related works where safe and practicable and explain any limits on those pathways.
- Explain how the proposed contributions policy is consistent with the Access Code objective and supports efficient connection decisions, fair and transparent cost allocation, customer choice and efficient cost recovery.

10. Distributed energy resources integration and transition to distribution system operator

DER and DSO-related expenditure and operational changes are likely to be material in AA6 and have implications for tariffs, service offerings and customer outcomes.

Submissions on the issues paper indicated interest in clearer expectations on how Western Power will integrate higher levels of DER, use flexibility and non-network solutions, and progress any transition to a DSO role, including how benefits to consumers would be identified and monitored.

The draft decision proposed requiring Western Power to include, as part of its AA6 proposal, a strategy that explains how it is planning for DER integration and transitioning from a traditional distribution network operator to a DSO.

We acknowledged that policies and procedures for the DSO role are being developed in conjunction with Project Jupiter. However, Western Power's AA6 proposal needs to clearly set out, based on the best information it has at the time, what it is planning to do over the AA6 period and beyond.

10.1 Submissions on draft decision

In its response to the draft decision Western Power:

- Notes it has existing internal strategies that will be developed for sharing with its stakeholders.
- Is in the process of developing the internal processes to operate as an effective DSO, with elements of its strategy to be shared with stakeholders over time where appropriate. Is supportive of the ERA proposals but notes the following considerations should be made in relation to the contents of the strategies:
  - Robust DER forecasting remains dependent on access to behind-the-meter telemetry and customer DER data. Current regulatory and data-sharing arrangements may limit forecast granularity and accuracy.
  - With regard to network visibility and data enablement, full hosting capacity publication and broad customer/third-party operational data access are not currently mature DSO capabilities and may require further policy, governance and regulatory development.
  - On connections and approvals reform, Western Power understands that there may be an expectation for measurable performance reporting and transparency metrics to mature during AA6. Western Power welcomes further engagement regarding any additional reporting requirements and transparency metrics. Some metrics and baselines are still evolving as capabilities transition from minimum viable products to scalable operational deployment during AA6.
  - Implementing dynamic operating and connection arrangements will depend on maturing customer-facing governance frameworks, establishing transparent curtailment principles, and developing robust customer education pathways.

  - Governance arrangements, market interfaces and cost allocation frameworks underpinning the DSO and market facilitation roles are still evolving and should not be assumed to be fully established during AA6.

- Considers with regard to the long-term DSO transition pathway, it will be important to clearly distinguish between capabilities already operational, capabilities scaling during AA6 and longer-term end-state aspirations beyond AA6.

Other submissions:

- Synergy supported a DER/DSO strategy that explains AA6 actions, costs, expected benefits and success measures, including clearer treatment of DER as both wholesale market resources and network service providers.

- Zenith supported the strategy but sought explicit recognition of microgrids as flexibility providers and customer-facing system operators.

- The ECP supported the strategy but considered stronger incentives, leadership, capability and resourcing are needed to enable non-wires and demand management programs to compete effectively with traditional network investment.

- Alinta supported a staged and disciplined approach to any new DSO-related expenditure and functions, with clear justification.

- Electrify Everything WA supported greater participation by customer-owned DER and submitted that Western Power should develop pathways for emerging technologies and operating models, including vehicle-to-grid services, plug-in batteries, balcony solar systems and solar-sharing arrangements for strata developments. It submitted that clear technical requirements, connection arrangements and assessment processes would assist customer participation and innovation.

10.2 ERA considerations and final decision

As set out in the draft decision, the ERA considers that Western Power's AA6 proposal should include a clear strategy for DER integration and the transition to any DSO functions required during AA6 and beyond. We recognise that the DSO transition is still developing and that not all capabilities, market interfaces, governance arrangements or data access arrangements will be fully mature at the start of AA6. However, these uncertainties do not remove the need for Western Power to explain what it proposes to do during AA6, what capabilities it expects to develop, what expenditure is required, what benefits are expected and how progress will be monitored.

Western Power's submission identifies important limitations and dependencies, including data access, immature DSO capabilities, evolving governance arrangements and the need to distinguish between current, scaling and longer-term capabilities. We consider these matters support refining the strategy requirements, but do not remove the need for a strategy. Rather, they reinforce the need for Western Power to explain the maturity of each capability, the dependencies that affect delivery, the staged decision points and the basis for any proposed expenditure during AA6.

As DER technologies evolve, connection arrangements, interoperability requirements, operational frameworks and technical standards will continue to develop. We consider that the DER integration and DSO transition strategy should be sufficiently forward-looking to explain how Western Power expects emerging DER technologies and participation models to be

accommodated over time. However, we consider a technology-neutral approach is preferable to prescribing individual technology pathways through the framework and approach. This will help ensure the strategy remains adaptable as customer technologies and market arrangements continue to evolve.

The need for a DER integration and DSO transition strategy arises because the electricity system is becoming more decentralised. Higher levels of rooftop solar, batteries, virtual power plants, flexible demand, smart appliances, electric vehicles and other customer-side resources will affect demand forecasting, network visibility, connection processes, tariffs, service offerings, operational capability and customer outcomes. If efficiently integrated, these resources have the potential to provide low-cost energy, capacity and network support, and to put downward pressure on network costs and prices over time.

The strategy should not present the DSO role as a broad justification for new expenditure. It must identify specific functions, capabilities and outputs, explain why they are needed, and demonstrate how they support efficient network outcomes and customer benefits. Where capabilities remain uncertain or dependent on policy, market or data-governance developments, Western Power must explain those dependencies and identify staged decision points.

Western Power's strategy must also explain how DER integration and DSO transition activities align with the Access Code objective, the State Electricity Objective, broader system planning and relevant policy initiatives. It must identify any dependencies on Project Jupiter, whole-of-system planning, market design, data governance or regulatory reform.

The strategy should be proportionate and may rely on existing planning, forecasting, operational and policy material where that material is current and sufficient. However, it must identify specific functions, capabilities and outputs, explain why they are needed, identify key dependencies and staged decision points, and demonstrate how proposed expenditure will support efficient network outcomes and customer benefits.

We will assess the adequacy of the strategy as part of the AA6 access arrangement review, including whether proposed expenditure is prudent and efficient, whether benefits are sufficiently identified and measurable, and whether the strategy provides a credible pathway for DER integration and DSO capability development during AA6.

Final Decision – DER integration and DSO transition

Western Power must submit a strategy with its AA6 proposal that explains how it will integrate distributed energy resources and emerging behind-the-meter technologies, digitalise the distribution network, and develop any distribution system operator functions required during AA6 and beyond.

The strategy must not present distribution system operator functions as a broad justification for new expenditure. It must identify specific functions, capabilities and outputs, explain why they are needed, and demonstrate how they support efficient network outcomes and customer benefits. Where capabilities remain uncertain or dependent on policy, market or data-governance developments, Western Power must explain those dependencies and identify staged decision points.

The strategy must include:

- **Distributed energy resource forecasts:** forecasts that are fit for purpose for distribution and transmission planning, including explicit consideration of rooftop solar, batteries, virtual power plants and other flexible resources, with transparent assumptions, scenarios, sensitivities and reporting arrangements.
- **Network visibility and data enablement:** the systems, data, processes and governance arrangements required to improve distribution network observability, publish useful constraint and hosting capacity information, and support authorised access to timely metering and operational data where permitted.
- **Connection and approval reforms:** the process improvements, capability uplift, standardisation, queue transparency, performance reporting and safe and practicable third-party pathways needed to reduce time and uncertainty for distributed energy resources, storage, large loads and other complex bidirectional connections.
- **Emerging distributed energy resource technologies and connection models:** how Western Power proposes to assess and facilitate the integration of emerging distributed energy resource technologies and customer participation models, including any barriers, dependencies, standards requirements, trial activities and future connection pathways.
- **Dynamic operating and connection arrangements:** the planned implementation pathway for dynamic operating envelopes and any dynamic connection products, including governance, customer impacts, curtailment principles, communication arrangements and monitoring during AA6.
- **Flexibility and non-network solutions:** how Western Power will identify locations where flexible demand, orchestrated distributed energy resources, community batteries, stand-alone power systems or other alternatives could defer or avoid network augmentation, and how those options will be compared with traditional capital expenditure solutions.
- **Distribution system operator role clarity and market facilitation:** the distribution system operator functions Western Power proposes to perform, the interfaces with market participants, aggregators, retailers, customers and other licensed networks, and the governance, ringfencing, performance and cost allocation arrangements for those functions.
- **Measurable outcomes and reporting:** the outputs, outcomes, performance indicators and reporting arrangements Western Power will use to demonstrate progress during AA6, including visibility capabilities, connection performance,

dynamic operating arrangements, flexibility procurement, use of existing and customer-funded assets, network utilisation and customer outcomes.

11. Electric vehicles

The uptake rate of EVs is uncertain. Depending on how it is managed, it could be a major opportunity to utilise the existing network and minimise additional infrastructure or, if not managed effectively, could significantly increase peak demand and require additional infrastructure.

Western Power cannot control the rate of EV uptake but it needs to plan effectively and ensure its network is able to support the electrification of transport.

In the draft decision we proposed requiring Western Power to submit an overall strategy for managing and supporting EV network connection, including forecasting, network planning and facilitating charging infrastructure.

11.1 Submissions on draft decision

In its response to the draft decision Western Power:

- States it has existing internal strategies and will continue to refine and share relevant elements with stakeholders as the market evolves.
- Considers its existing EV strategy is robust and covers use cases identified by the ERA.
- Is supportive of the ERA proposals but notes that the following considerations should be made in relation to the contents of the strategy:
  - Use cases and pace of EV uptake is evolving.
  - EV demand forecast accuracy remains dependent on evolving EV uptake visibility and charging behaviour data (which does not come from one single source).
  - For long-term EV readiness and electrification planning, demand impacts may materially increase, if off-peak charging incentives and flexibility measures are not realised or sufficient to change behaviour.
  - Network and retail tariffs are de-linked, and Western Power does not directly control assignment of network tariffs to connections or customer retail price incentives. Customer responses to network tariff signals remain uncertain and depend heavily on retailer offerings and customer behaviour.
  - Any tariff reform must balance efficiency, customer impacts, equity considerations and practical implementation complexity.
  - Large charging loads may still require significant traditional network investment depending on location and utilisation patterns or duty cycles.
  - Vehicle-to-grid capability remains early-stage and dependent on standards, technology maturity, market design and customer participation.
  - Visibility of EV charging behaviour and flexible charging response remains immature and dependent on evolving telemetry and interoperability pathways.

– With regard to non-network solutions and managed charging, flexibility should not be assumed to avoid all traditional augmentation. Enduring safety, capacity and reliability obligations may still require physical network investment.

– With regard to reporting, transparency and review triggers, appropriate metrics and reporting frameworks will continue maturing alongside EV uptake and DSO capability development.

– The State Government has a State Electric Vehicle Strategy for Western Australia. Western Power's EV strategy will support the State Government's strategy and be aligned with those matters related to the Western Power-owned network.

Other submissions:

- Synergy supported requiring an EV strategy and made recommendations on its content.
- The ECP supported stronger EV facilitation, including improved charging pathways and incentives that support beneficial charging behaviour.
- Electrify Everything WA submitted that Western Power should facilitate emerging charging models, including vehicle-to-grid services and charging arrangements for households without access to off-street parking. It submitted that customers would benefit from greater clarity regarding technical requirements, connection arrangements and approval processes for bidirectional charging and other innovative charging solutions.

11.2 ERA considerations and final decision

EV uptake, charging behaviour and charging infrastructure development are uncertain, but they are likely to become increasingly material to demand forecasting, network planning, connection processes, tariff design and customer outcomes during AA6.

Depending on how EV charging is managed, it could provide an opportunity to make better use of the existing network and reduce the need for additional infrastructure. If charging is not managed effectively, it could significantly increase peak demand and require additional network investment.

We acknowledge that Western Power does not control retail tariff offerings, customer behaviour or the pace of technology development. However, these uncertainties do not remove the need for Western Power to plan for EV-related impacts on the network and to explain how it will support efficient charging infrastructure connections and beneficial charging behaviour during AA6.

Western Power's submission identifies important dependencies and implementation uncertainties, but those matters reinforce the need for a strategy that explains assumptions, scenarios, dependencies, staged actions and reporting, rather than removing the need for the strategy.

We do not consider prescribing specific charging technologies or connection products falls within the scope of the framework and approach. However, Western Power's EV strategy should explain how it is planning for emerging charging technologies and connection models, including any relevant network, technical, operational or regulatory considerations. The strategy should identify anticipated opportunities, constraints and dependencies that may influence future implementation pathways.

The EV strategy should be proportionate and can use existing internal strategies, demand forecasts, network planning material and stakeholder engagement where available. However, it must be sufficiently specific to allow the ERA and stakeholders to assess proposed expenditure, tariff and service settings, connection arrangements and expected customer outcomes.

The strategy must also explain how Western Power's EV planning aligns with the State Electric Vehicle Strategy for Western Australia, whole-of-system planning, the DER integration and DSO transition strategy, the Connections Improvement Strategy and the tariff and reference service matters addressed in this final decision.

We will assess the adequacy of the EV strategy as part of the AA6 access arrangement review. In doing so, we will consider whether Western Power's proposed EV-related expenditure, connection arrangements, tariff settings, planning assumptions and reporting measures are prudent, efficient and capable of supporting beneficial customer and network outcomes.

Final Decision – Electric vehicles
Western Power must submit an electric vehicle strategy with its AA6 proposal. It should include:

- **Scope and use cases:** define the EV use cases covered by the strategy, including residential and small business charging, fleet and depot charging, public fast charging, regional charging and heavy vehicle or bus charging where relevant.
- **Bidirectional charging and innovative charging models:** describe how Western Power expects to accommodate bidirectional charging, managed charging and emerging residential and public charging arrangements, including any dependencies on standards, market development and regulatory reform.
- **Forecasting methodology:** explain the EV forecasting methodology, key inputs, assumptions, data sources, limitations and how forecast accuracy will improve over time.
- **Scenarios and sensitivities:** include scenarios and sensitivities for high and low uptake, managed charging participation, different charging behaviours, tariff and retail outcomes, clustering effects and regional versus metropolitan differences.
- **Integration with demand forecasting:** explain how EV forecasts are incorporated into Western Power's broader demand forecasts, including interactions with DER, storage, electrification of buildings and industry, major loads and whole-of-system planning inputs.
- **Network planning and risk management:** describe how EV-related demand is incorporated into network planning, constraint identification, risk management, investment timing and non-network option assessment.
- **Investment and non-network responses:** identify the investment and non-network responses planned for AA6 and beyond, including augmentation, targeted asset replacement, monitoring and operational tools, managed charging, flexible connection arrangements and demand response.
- **Options assessment:** for material EV-driven programs or projects, provide an options assessment that identifies the need, credible options, capital and operating expenditure trade-offs, decision criteria and justification for the preferred approach.
- **Connection pathways:** explain how Western Power will coordinate charging infrastructure connections, including connection pathways for public charging, fleets and other high-load sites, and how those pathways fit within the Connections Improvement Strategy.
- **Connection cost transparency:** provide transparency on how Western Power will assess connection costs and any revenue offsets for larger charging sites, including the data, assumptions and methodology used.
- **Tariffs and service settings:** explain how network pricing and service settings will support beneficial charging behaviour, while recognising that customer outcomes depend on retail offerings, customer behaviour and practical implementation constraints.
- **Reporting and review:** commit to reporting on EV-related planning and outcomes during AA6, including forecast updates, identified constraints, progress

of key initiatives, charging infrastructure connection performance and how EV-related actions are affecting augmentation needs and customer outcomes.

The strategy must explain how Western Power will forecast EV uptake, incorporate EV demand into network planning, facilitate efficient charging infrastructure connections, support beneficial charging behaviour and report on EV-related outcomes.

12. Local area reports

Reliability outcomes, growth pressures, hosting capacity, major loads, climate and resilience risks, connection pressures and planned works are not experienced uniformly across Western Power's network. The energy transition will therefore have different implications for different parts of the network.

Customers, local governments, developers, retailers and other stakeholders need practical information about local network issues, planned actions and expected outcomes so they can plan, engage with Western Power and understand how network performance is changing in their area.

In the draft decision we:

- Proposed requiring Western Power to include local area plans with its AA6 proposal.
- Envisaged the local area plans as relating to Western Power's network and network services, rather than broader regional planning matters, and presenting key network issues, planned works and performance information for meaningful geographic areas so customers and stakeholders can understand what Western Power's plan means for their area and how performance changes over time.
- Proposed that the local area plans should, to the extent practicable, be based on information Western Power already produces for network planning, asset management and regulatory reporting. Where information is not available at the proposed geographic level, or where producing it would require disproportionate new modelling or cost allocation, Western Power should provide the closest feasible proxy, a qualitative description, and explain any limitations.
- Proposed that additional analysis should be guided by materiality, with more detail where local issues are significant and less where they are not.
- Proposed using WALGA zones as the starting point for the geographic groupings and set out key parameters we considered useful for consultation.

12.1 Submissions on draft decision

In its response to the draft decision Western Power:

- Does not support this proposal. States local area boundaries are not units used to plan, operate or invest in the network and therefore, do not provide a meaningful basis for presenting access arrangement plans and outcomes. States that Western Power's investment decisions are guided by a risk-based and adaptive planning framework that prioritises asset condition, network risk, customer impacts, and system need, rather than administrative boundaries.
- Considers the ERA's proposal creates the following risks and issues:
  - Misalignment with network planning processes.
  - Risk of creating false precision and misleading stakeholders.
  - Reduced flexibility to respond to risk.

  - Reduced flexibility to deliver on Government priorities.
  - Significant administrative and regulatory burden.
  - A reduction in incentives to innovate.

- Considers that 'by pre-defining our investment planning, the local area plans reduce Western Power's incentive to apply innovative solutions that were not already recognised at time of publication. … Western Power dynamically plans and re-prioritises its investments when new information or opportunities arise. In addition, the emergence of VPPs and increasing sophistication of our customers to provide demand response (and potentially other services) may be left unrecognised or underinvested in'.
- Considers it is the 'market maker for network solutions' and that it is important that it can remain flexible and respond dynamically as new players and opportunities enter the market. Considers establishing clear signals for these services is critical to facilitation and expansion of this market into the future and is a core part of its developing role as DSO.
- States it supports the intent of the ERA's objective of improving transparency and visibility of outcomes for customers, but considers this objective is better achieved through approaches that reflect how the network is managed in practice. Western Power notes the following as information currently made available and/or shared:
  - Regional connect website and service standard performance report (which includes reliability metrics for local government authorities).
  - Transmission System Plan.
  - Network Opportunities Map.
  - Regional Reliability Plan which will be published as part of our AA6 submission.
  - Western Power will consult with stakeholders in developing the plan.
  - WoSP (developed in partnership with Government) which will be published by 30 September 2027.
- Proposes the following:
  - Strengthened regional engagement and insight to support understanding of local priorities, network constraints and customer outcomes.
  - Vision and strategy for improving connection process, integrating DER, its role as DSO, integrating EVs and public lighting.
  - Working with customers to address issues they raised in response to the determination of the AA6 framework and approach. These include issues raised in relation to improving connection process, transparency of charges, cable faults affecting streetlights per local area, and application of distributed low voltage connection scheme to regions.
- States it has enhanced its approach to stakeholder engagement through a geographically aligned model, which will commence in July 2026, that it considers will support an integrated understanding of regional priorities, network challenges, growth

pressures, customer needs and emerging issues to improve coordination and engagement.

Other submissions:

- Synergy supported local area plans that provide practical information on local constraints, growth, planned works and stakeholder engagement.
- The ECP strongly supported local area planning because the energy transition is spatial and place-based transparency can help local governments, developers and service providers align investment with actual network constraints.
- The ECP considered local area planning important for climate resilience, social equity and emerging large loads such as data centres, and rejected Western Power's concern that spatial transparency would unduly constrain flexibility.

12.2 ERA considerations and final decision

Our requirement for Western Power to include local area plans with its AA6 proposal is intended to improve the transparency and local relevance of the proposal by presenting key network issues, planned works and performance information for meaningful geographic areas.

We agree that the requirement should not create binding local expenditure targets or require Western Power to allocate all network expenditure to administrative boundaries with false precision. We also accept that Western Power should retain flexibility to manage the network on a risk basis and to respond to new information, government priorities, emerging technologies and customer needs during AA6.

However, Western Power's concerns do not remove the need for geographically meaningful information. The energy transition is spatial. Reliability outcomes, growth pressures, hosting capacity, major loads, climate and resilience risks, connection pressures and planned works are not experienced uniformly across the network. Customers, local governments, developers, retailers and other stakeholders need practical information about local implications so they can plan, engage with Western Power and understand how network performance is changing in their area.

To remove potential confusion about the purpose of the documents, we have renamed them to be "local area reports". Where practicable, Western Power should draw on information it already produces for network planning, asset management and regulatory reporting. As stated in the draft decision, where information is not available at the proposed geographic level, or where producing it would require disproportionate new modelling or cost allocation, Western Power may provide the closest feasible proxy, qualitative information, ranges or an explanation of limitations. More detailed information should be provided where local issues are material, such as where there are significant reliability issues, forecast growth, constraints, resilience risks or planned expenditure.

The local area reports should be prepared for geographic areas that are meaningful for customers. WALGA zones should be used as the starting point, given the role of local governments in coordinating community and regional issues, particularly during the energy transition. However, Western Power may propose alternative or modified geographic groupings where those groupings better align with network planning, feeder areas, regional engagement, growth corridors, reliability issues or other relevant network characteristics.

Final Decision

Western Power is required to submit local area reports as part of its AA6 proposal.

Local area reports should be prepared for meaningful geographic areas that allow stakeholders to understand local implications. WALGA zones should be used as the starting point, but Western Power may propose alternative or modified geographic groupings where those groupings better align with network planning, feeder areas, regional engagement, growth corridors, reliability issues or other relevant network characteristics.

The local area reports must be prepared using the following principles:

- Focus on outcomes for customers and stakeholders, including the key drivers of those outcomes, rather than defaulting to granular engineering detail.
- Use a standard template to support comparability, reduce administrative burden and assist stakeholders to locate information across different areas.
- Use existing publications, datasets and planning artefacts wherever possible, and avoid bespoke analysis that is not required for prudent and efficient network planning or meaningful stakeholder understanding.
- Apply a materiality threshold so that additional detail is provided where it is likely to be useful to customers and stakeholders, such as where there are material reliability issues, forecast growth, constraints, resilience risks or significant planned expenditure.
- Make clear that local area plans improve transparency and accountability, but do not create binding local expenditure targets or prevent Western Power from reprioritising investment where justified.

Each local area plan must include the following:

- Define the geographic area covered, explain why that area is meaningful for network planning or stakeholder understanding, and describe the key parts of the network supplying the area.
- Summarise the local context and key drivers over the AA6 period and beyond, including forecast growth, electrification, major developments, reliability issues, DER uptake, EV charging, climate and resilience risks, and other material uncertainties.
- Identify the key network issues and challenges relevant to customers and stakeholders in the area, such as reliability, capacity constraints, connection pressures, DER hosting constraints, asset condition or resilience risks.
- Set out the key planned projects, programs or actions in AA6 that are expected to materially affect the area, including purpose, indicative timing, expected outcomes and how those actions respond to identified local issues.
- Provide a small number of relevant performance indicators for the area, drawing on existing reporting where available, and explain how progress will be reported during AA6.
- Describe the engagement and update pathway for the local area plan, including how stakeholders can raise issues, how Western Power will consider feedback and when the plan will be updated where there is a material change.

The following should be provided if it is material to the specific local area and the information can reasonably be derived:

- Where DER integration is a material issue, summarise DER-related constraints, hosting capacity issues and planned actions using qualitative descriptions and existing published information where possible.
- Where reliability or resilience risks are material, summarise key outage drivers, resilience exposures and planned risk treatments.
- Where a material constraint or investment decision exists, describe at a high level the main options considered, including non-network options where relevant, and the reasons for the preferred approach.
- Where feasible without disproportionate cost, provide an indication of the scale of forecast work in the area, such as a list of major projects or a coarse category-based summary, noting any limitations on geographic cost allocation.

Western Power's AA6 proposal must explain the proposed geographic groupings, how existing publications and datasets have been used, any material information gaps, and any areas where producing further detail would impose disproportionate cost or create false precision. The ERA will assess the adequacy of the local area reports as part of the AA6 access arrangement review.