Economic Regulation Authority

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

Final decision - summary

17 August 2026

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Acknowledgement of Country

At the ERA we value our cultural diversity and respect the traditional custodians of the land and waters on which we live and work.

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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Final decision

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.

The first stage of this review is the preparation of a framework and approach, which determines some elements of the access arrangement, ahead of Western Power submitting its proposal.

We acknowledge that Western Power is operating in an environment of ongoing uncertainty about how the energy transition will proceed. We consider the changes we have made in the framework and approach will provide greater flexibility to deal with those uncertainties while maintaining incentives for efficient investment and accountability for delivery.

The future development and operation of Western Power's network is a core component of the transition to net zero emissions and affects all aspects of the energy supply chain. This is particularly the case during the AA6 period, with the planned closure of Synergy's coal power generators by 2030 and increasing levels of renewable generation seeking to access the power system.

Other challenges for the AA6 period and beyond include building network resilience to the effects of climate change, rapidly expanding the transmission network to facilitate new customer connections and the two-way flow of electricity from innovations like household batteries and electric vehicles, and ongoing cost pressures for industry and the community.

Overall, this final decision is intended to support a framework for AA6 that is flexible enough to respond to increasing uncertainty, while maintaining clear Western Power accountability for robust forecasting, prudent and efficient expenditure, service performance and delivery of customer outcomes.

With the significance of the AA6 period in mind, we have set out a general statement on our expectations for Western Power's AA6 proposal and required Western Power to also submit the following documents:

- A Public Lighting Strategy
- A Connections Improvement Strategy
- A strategy for integrating distributed energy resources and transitioning to the Distribution System Operator role

[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.

- An Electric Vehicle Strategy
- Local area reports.

These documents should be focussed on actions and outputs, rather than simply describing the status quo. While we acknowledge this is a large amount of information, we believe that we have only asked for information that a reasonable service provider should already hold or would prepare as part of its planning process. We will be assessing Western Power's proposal against these expectations and requirements.

With 2030 rapidly approaching, it is important to all stakeholders – government, industry and consumers – that there is transparency and clarity about the actions Western Power is taking to ensure it is ready for the challenges of the next few years.

Final Decision

This document sets out the ERA's final decision on the framework and approach for the AA6 review.

The reasons for our decision, including the consultation we have undertaken and consideration of matters raised in stakeholder submissions can be read in the final decision explanatory statement.

We have also published a summary of all stakeholder feedback on our draft decision.

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

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

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.

Although the access arrangement review will determine requirements for the AA6 period, Western Power's proposal should also explain its longer-term vision for the development of the network and how the AA6 proposal fits within that plan.

In this context, our final decision on the framework and approach strengthens transparency and accountability for AA6. It requires Western Power to clearly explain its long-term planning, deliverability, and how proposed costs and services align with the Access Code objective and the State Electricity Objective. It also includes reporting requirements to support ongoing monitoring of delivery and outcomes during AA6.

We recognise that, as AA6 will take place during a period of significant change, aspects of Western Power's proposal will need to accommodate greater uncertainty than previous access arrangements. Western Power is expected to put forward the best available strategies, 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.

Where material changes arise during AA6, there are mechanisms available to Western Power under the access arrangement, including uncertainty and adjustment mechanisms, reporting processes and future access arrangement reviews. Western Power should explain how those mechanisms fit with its proposed approach, while maintaining accountability for prudent and efficient expenditure and customer outcomes.

There are also provisions in the Access Code to re-open the access arrangement. This provides a limited safety mechanism for major unexpected externally imposed events that could not reasonably have been anticipated and managed through *ex ante* forecasting and the design of adjustment mechanisms within the access arrangement.

We consulted with stakeholders on the approach Western Power should take in preparing its AA6 proposal and the information the proposal should include.

We recognise the importance of balancing the costs of additional reporting and information provision against the benefits that public information provides to customers and stakeholders. The expectations set out below are intended to support transparency, accountability and informed engagement, while avoiding disproportionate administrative burden.

Final Decision

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, states the decision criteria 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.

2. 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.[2] 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.[3] Covered services may be provided as reference services or non-reference services.[4]

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.

The framework and approach must include the classification of services. Following consultation with stakeholders, we have determined that no changes are needed to the current classification of services.

2 Synergy is the retailer for most residential and small business customers. Customers using more than 50 MWh/year are "contestable", meaning they can choose their retailer.

3 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.

4 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

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, bi-directional, 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.[5]
- **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.

[5] 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 this operational expend. 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.

3. 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 services customers or a substantial proportion of the network services market.[6]

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.

Each reference service must have a published tariff. Although network tariffs are not charged directly to most consumers, they form part of retail tariffs and can influence how retailers structure their offers.[7] Tariff structures, including the balance between fixed and variable charges and the times at which variable charges apply, can also influence how households and businesses use electricity.

Reference services and tariffs need to continue to adapt to new technologies and energy models, while supporting efficient network use and reducing overall costs for consumers. Following consultation with stakeholders, we have identified changes to the current approach to reference services and tariffs for AA6.

6 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.

7 Western Power's network tariffs are charged to the users of the network, i.e. electricity retailers (such as Synergy), generators and some very large customers connected to the transmission network. Network tariffs are paid by retailers. The retailers decide how those charges will be passed on to end users along with wholesale electricity and other related costs. Most households and small businesses are supplied by Synergy. The State Government sets Synergy's retail tariffs as part of the State Budget.

Final Decision

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.[8]
- 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.[9]
- 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.

[8] Residential customers with distributed energy resources 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.

[9] The current services and pricing reflect there is a mix of manual and remote meter reading and disconnection/reconnection. Once the roll out of advanced meters is complete, most metering services will be provided remotely.

4. 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 current service standards are included in section 4 of the current access arrangement. They include measures for loss of supply to transmission-connected customers, the length and frequency of outages for distribution-connected customers, streetlight repair times and call centre performance.

We have decided to maintain the AA5 approach to determining service standard benchmarks, subject to targeted changes to improve consistency and transparency in how performance is assessed.

Consistent with the AA5 approach, the AA6 service standard benchmarks will be set using average actual performance over the previous access arrangement period. This means the AA6 benchmarks will be based on Western Power's average actual performance during AA5, from 2022/23 to 2026/27.

To assess performance against those benchmarks during AA6, actual performance 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. This will align the basis for setting benchmarks with the basis for assessing performance and reduce the effect of short-term volatility in annual performance results.

We consider that more disaggregated service standard benchmarks remain desirable over time. However, further work is needed during AA6 to improve disaggregated reporting and data quality before more disaggregated benchmarks can be implemented.

Final Decision

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 detailed requirements for the Public Lighting Strategy are set out in section 6.
- 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.

5. 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 recover through network tariffs during the period.

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

The Access Code provides incentive and adjustment mechanisms that are intended to encourage efficient expenditure while maintaining or improving service standard performance. These include:

- The service standard adjustment mechanism, which provides rewards or penalties depending on performance against service standard benchmarks.
- The gain sharing mechanism, which strengthens incentives for efficient operating expenditure.
- The investment adjustment mechanism, which can adjust target revenue at the next access arrangement review to reflect actual capital expenditure for specified projects.
- The demand management innovation allowance, which supports innovative demand management projects that may reduce long-term network costs.

Western Power's current access arrangement also includes a D-factor mechanism, which allows certain operating expenditure to be recovered in the next access arrangement period where that expenditure defers capital expenditure or supports network control services or demand-management initiatives.[10]

We have made changes to the price control and incentives and adjustment mechanisms to:

- Manage uncertainty while maintaining incentives for efficient investment and accountability for delivery.
- Support selection of the most efficient option, regardless of whether it involves capital expenditure or operating expenditure.

[10] The Access Code does not include a mechanism for the retrospective recovery of non-capital costs. In contrast, all efficient capital costs incurred during the period are added to the opening regulatory asset base for the next access arrangement period. This could result in Western Power choosing a solution during the access arrangement period that requires capital costs even when a solution that includes non-capital costs would be the overall least cost option. The D-factor was introduced to remove this disincentive.

Final Decision

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.

6. Streetlighting

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 recognise that Western Power is responsible for operating and maintaining its public lighting assets safely and in accordance with its regulatory obligations. Our decision preserves Western Power's responsibility for safe and compliant operation of its public lighting assets and does not require Western Power to implement third-party repair or delivery arrangements where doing so would be inconsistent with safety, regulatory or asset accountability obligations. However, Western Power must assess whether there are safe and practicable ways to improve customer choice, third-party delivery pathways or coordination for public lighting activities, and explain the reasons for its position.

We have set out below the requirements for the Public Lighting Strategy that Western Power must submit with its AA6 proposal.

Final Decision

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.

7. Connecting customers

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. They are important for customers, retailers, generators, storage providers, major loads, local governments, developers and other network users.

During the AA5 review, generators, large businesses, industrial and mining customers told the ERA that they were experiencing extended waiting periods to connect to the network. At that time, Western Power was developing an implementation plan to reduce connection times. The AA5 final decision acknowledged that improving connection processes would take time, made some changes to the applications and queuing policy, and required additional reporting to increase transparency and allow progress towards reducing connection times to be monitored.

We recognise that Western Power has made process improvements during AA5 and that connection processes are continuing to evolve. However, connection performance needs further improvement. It remains important to customers, network users and the energy transition. Additional work is needed to improve connection processes in a structured and transparent way during AA6.

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.

We have set out below the requirements for the Connections Improvement Strategy that Western Power must submit with its AA6 proposal.

Final Decision

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.

8. 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.

As discussed in section 7, 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.

The framework and approach does not determine the detailed terms of the contributions policy. However, consultation on the framework and approach identified stakeholder concerns about transparency and predictability of connection costs, allocation of shared network augmentation costs, the operation of existing low-voltage connection scheme settings, the potential role of headworks-style arrangements, and opportunities for customers to use third parties for connection-related works.

Western Power's AA6 proposal must address these matters as part of its review of the contributions policy. 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.

We have set out below the matters Western Power must address in its AA6 proposal.

Final Decision

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.

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

Distributed energy resources and emerging behind-the-meter technologies are expected to become increasingly important to the planning, operation and use of Western Power's network during AA6. 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.

These changes reflect a broader decentralisation of the electricity system. A growing share of generation, storage and flexible demand will be located on the customer side of the meter and funded by households, businesses and other network users. 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.

To realise these benefits, Western Power will need a clear plan to digitalise the distribution network during AA6. Improved visibility, data capability, forecasting, operational tools and customer-facing processes will be needed to accommodate higher levels of distributed and flexible resources, support emerging technologies and make better use of existing and customer-funded assets.

These changes also raise questions about Western Power's role in coordinating and enabling distributed energy resources, including any distribution system operator functions it may need to perform during AA6 and beyond. Stakeholders have sought clearer information on how Western Power will integrate higher levels of distributed energy resources, use flexibility and non-network solutions, and identify and monitor benefits for customers.

We recognise that the distribution system operator role is still developing and likely to change over time. Relevant policies, market arrangements, data access arrangements and operational procedures may continue to evolve, including through Project Jupiter and broader system planning and policy initiatives. However, based on the best information available at the time, Western Power's AA6 proposal must clearly 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 must therefore include, as part of its AA6 proposal, a strategy 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 should demonstrate how the proposed approach aligns with the Access Code objective and the State Electricity Objective, and how Western Power will coordinate its activities with broader system planning and policy initiatives, including development of the Whole of System Plan and the SWIS Transmission Plan.

The strategy should be proportionate and can rely on existing planning, forecasting, operational and policy material where that material is current and sufficient. However, the strategy 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 have set out below the requirements for the strategy Western Power must submit with its AA6 proposal.

Final Decision

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.

10. Electric vehicles

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

Depending on how electric vehicle 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.

Emerging charging models are also likely to change how electric vehicles interact with the network during AA6. Managed charging can shift demand away from peak periods and improve utilisation of existing network capacity, while bidirectional charging may allow electric vehicles to provide energy, capacity or flexibility back to households, businesses or the broader power system. These models could reduce network costs over time, but depend on technology readiness, customer uptake, standards, market arrangements, retail offerings and practical implementation by charging providers and customers.

Western Power does not control the rate of electric vehicle uptake, retail tariff offerings, customer charging behaviour or the pace of technology development. However, it must plan for the potential network impacts of transport electrification and explain how it will support efficient charging infrastructure connections and beneficial charging behaviour during AA6.

We have required Western Power to submit an electric vehicle strategy with its AA6 proposal so the ERA and stakeholders can assess how it will plan for electric vehicle uptake, manage network impacts and support efficient charging outcomes during AA6. The strategy must explain how Western Power will forecast electric vehicle uptake, incorporate electric vehicle demand into network planning, facilitate efficient charging infrastructure connections, support beneficial charging behaviour and report on electric vehicle-related outcomes.

We have set out below the requirements for the electric vehicle strategy that Western Power must submit with its AA6 proposal.

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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.

11. 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 SWIS.

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.

Our requirement for Western Power to include local area reports 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. The reports should relate to Western Power's network and network services, rather than broader regional planning matters outside Western Power's role.

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.

The local area reports should, where practicable, draw 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 an explanation of any limitations. Additional analysis should be guided by materiality, with more detail where local issues are significant and less where they are not.

Local area reports are not intended to create binding local expenditure targets or prevent Western Power from reprioritising investment where justified. Rather, they are intended to provide practical, geographically meaningful information about network issues, planned actions and customer outcomes, while preserving Western Power's ability to manage the network flexibly and efficiently during AA6.

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 reports improve transparency and accountability, but do not create binding local expenditure targets or prevent Western Power from reprioritising investment where justified.

Each local area report 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 report, including how stakeholders can raise issues, how Western Power will consider feedback and when the report 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.