



Minutes

Meeting Title:	Evolution of the Pilbara Network Rules Working Group
Date:	27 June 2024
Time:	9:30 AM – 11:30 AM
Location:	Online, via TEAMS

Attendees	Company	Comment
Dora Guzeleva	Chair, Energy Policy WA	
Rebecca White	BHP	
Lekshmi Jaya Mohan	BP	
Anthony Guevarra	CITIC Pacific Mining	
Melinda Anderson	Economic Regulation Authority	
Guy Tan	Horizon Power – Pilbara Network	
Herman Prinsloo	Horizon Power – Pilbara Network	
Jaden Williamson	Horizon Power – Pilbara Network	
Summa McMahon	ISOC Co	
Timothy Edwards	Metro Power Company	
Noel Michelson	Rio Tinto	
Reece Tonkin	Woodside Energy	
Sunny Vijayalayan	Woodside Energy	
Rudi Strobel	Yindjibarndi Energy Corporation	
Stephanie Hemsley	Energy Policy WA	
Thomas Marcinkowski	Energy Policy WA	
Tom Coates	Energy Policy WA	
Matt Bowen	Energy Transformations	
Ajith Viswanath Sreenivasan	RBP	
James Seidelin	RBP	
Tim Robinson	RBP	

Item	Subject	Action
1	Welcome and Agenda	<p>The Chair opened the meeting with an Acknowledgement of Country.</p> <p>The Chair provided a brief recap of the 20 June 2024 Pilbara Advisory Committee (PAC) Meeting, noting feedback on the emissions assumptions used in the Pilbara Energy Transformation Assessment (PETA) in 2023 may need to be updated to reflect the safeguard mechanism reforms. Consequently, a sensitivity analysis of a more ambitious emissions reduction trajectory will be included in the November consultation paper.</p> <p>The Chair noted the Competition Law Statement, reminded members of their obligations and encouraged them to bring any Competition Law issues to her attention as they may arise.</p> <p>The Chair provided an overview of the meeting agenda.</p>
2	Meeting Apologies and Attendance	<p>The Chair noted the attendance and apologies as listed above.</p>
3	Action Items	<p>All action items from the previous EPNRWG (workstream 1) meeting have been completed.</p>
4	Scenarios	<p>Mr Robinson presented the updated scenario modelling approach for scenarios 1 A, B, and C, referencing slides 4 and 5. Key points included:</p> <ul style="list-style-type: none"> • The biggest change to the scenario modelling approach is that transmission inputs and assumptions will be the same across scenarios 1A, 1B and 1C. • By design, the focus of this modelling exercise is generation, rather than transmission. Energy Policy WA has commenced a refresh of the 2023 PETA modelling, which will focus on the staging of transmission.
5	Capital Costs	<p>Mr Robinson presented the transmission and generation build cost results, referencing slides 7 to 8.</p> <ul style="list-style-type: none"> • Mr Williamson sought clarification on the PETA transmission assumptions used in the modelling. <p>Mr Robinson clarified that the EPNR modelling uses one of the four transmission scenario outputs (semi-interconnected transmission configuration) from the PETA modelling, as it was the most balanced option.</p> <p>Mr Sreenivasan added that the PETA modelling did not identify major differences between full interconnection and semi-interconnection configurations.</p> <p>Mr Robinson presented generation build cost results with reference to slide 9, explaining that assumptions made about the targeted levels of emission reductions were derived from the PETA modelling and may not fully reflect the finalised safeguard mechanism settings. Mr Robinson noted that this was raised at the recent PAC meeting and an emissions sensitivity analysis will be included in the November consultation paper.</p>
6	Operational Costs	<p>Mr Robinson presented the operational cost results (slides 11 and 12), noting:</p> <ul style="list-style-type: none"> • In Scenario 1C, greater efficiency of battery usage stems from the reduced number of batteries and renewables.

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	<ul style="list-style-type: none"> Further analysis will be conducted on Scenario 1B's generation dispatch results. 	
7	<p>Overall Costs</p> <p>Mr Robinson presented the overall cost results (slides 14 and 15).</p> <p>Mr Robinson noted that, to reduce model run time, the capacity build and operational costs have only been modelled every fifth year. As such, the chart on slide 14 assumes that operational costs remain the same each year in the five-year period. The analysis for scenario 1C has been adjusted to accommodate this change.</p> <ul style="list-style-type: none"> Ms White asked whether the modelling will include an estimate of the administrative costs (in each scenario) to provide a full view of the net benefits. <p>Mr Robinson noted that system efficiency benefits from generation build savings between the different levels of integration, would outweigh any administrative costs. He noted that administrative costs will depend on design decisions, and sought clarification of Ms White's question.</p> <ul style="list-style-type: none"> Due to connection issues, Ms White asked to discuss this later. <p>The Chair indicated that Energy Policy WA is happy to meet with stakeholders to discuss the EPNR Project and invited Ms White to organise a meeting.</p> <p>Mr Robinson presented the implications for the PNR from the modelling results (slide 16).</p> <ul style="list-style-type: none"> Mr Williamson noted some language and terminology issues in the slides, and the importance of considering different participant classes and roles under the PNR. <p>The Chair acknowledged Mr Williamson's point and thanked him for his feedback. She reiterated the importance of using the appropriate language and terminology in the consultation paper.</p>	
8	<p>Governance</p> <p>The Chair presented an overview of the governance work, referencing slides 18-20, and made the following key points.</p> <ul style="list-style-type: none"> While the governance arrangements in the Pilbara are currently fit-for-purpose, this may change as the number of participants increases. In its submission to the Australian Consumer and Crime Commission (ACCC) and the EPNR Project Scope of Work, Energy Policy WA has signaled an intention to prioritise a review of the governance framework. While this review should consider the ACCC timeframes, with a decision expected in September 2024, the work will likely extend beyond the ACCC process. <p>The Chair presented the draft matrix assessment for the governance review, noting that further evaluation and discussion with the working group is required (slide 21). She emphasised the importance of maintaining an impartial regime with strong compliance incentives, particularly as the number of participants (especially those that invest in key infrastructure others depend upon) in the Pilbara increase.</p> <ul style="list-style-type: none"> Mr Williamson sought clarification on what is meant by 'participant-led company including board composition' listed as a feature of the current governance arrangements. <p>The Chair explained that this referred to the role of participants (registered NSPs) within the current board composition. She highlighted stakeholder concerns that key vertically integrated participants may influence (or be perceived to influence) the strategic direction and resourcing of the ISO.</p> <ul style="list-style-type: none"> Mr Williamson noted the need for clarity on the roles and responsibilities of ISO participants regarding board functions. He asked if the PNR could include stronger 	

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	<p>information publishing and transparency requirements for the ISO (separate to the functions of the board).</p> <p>The Chair agreed with the importance of elevating transparency in the delivery of the ISO operational functions. She noted that the current composition of the board restricts its ability to provide input into ISO operational decisions and ensure it is achieving market objectives.</p> <ul style="list-style-type: none"> Mr Williamson sought clarification on what is meant by 'reliance on non-PNR instruments', that is listed as a feature of the current governance arrangements. <p>The Chair advised that there are some internal ISO policies and procedures relevant to its governance that are not within the PNR.</p> <p>The Chair encouraged working group members to provide comments on the presented governance material outside of the meeting.</p> <ul style="list-style-type: none"> Mr Tonkin provided Woodside's support of Energy Policy WA's assessment and proposed work to address deficiencies relating to the Pilbara regime's governance arrangements. Ms White asked to what extent the governance work depends on the final market design and if the review should be put on hold until a market design is finalised. <p>The Chair acknowledged that many aspects of the governance review depend on market design decisions but suggested that competition law concerns can be progressed without a finalised market design. She noted the importance of demonstrating progress in the governance review alongside the ACCC deliberations, even if certain changes are not implemented before the ISO's authorisation exemption expires in November 2024.</p> <ul style="list-style-type: none"> Ms White noted that there will be both near-term governance changes (related to the ACCC process) and longer-term, broader changes. <p>The Chair agreed with Ms White's comments and proposed including principles and overall design of the reformed governance arrangements in the November consultation paper, while the more detailed governance arrangements related to operational decisions would be addressed later.</p> <ul style="list-style-type: none"> Mr Bowen noted that the governance review is broad and not limited to the internal governance of the Pilbara ISOCO. He suggested that there are certain aspects of the Pilbara regime's governance arrangements that need to be re-evaluated regardless of whether the operational parts of the PNR do not require changing. Mr Bowen, reflecting on his involvement in the introduction of the Pilbara regime, recalled that the decision to implement a regime without an effective enforcement mechanism was not seen as a final state for the regime. He suggested that the governance review should be seen as a continuation of these processes and designing the next stage of the Pilbara regime. Ms White acknowledged Mr Bowen's points and proposed that BHP, the ISOCO, and Energy Policy WA engage in further discussion on this topic. <p>The Chair reiterated Energy Policy WA's willingness to meet with stakeholders to discuss the EPNR Project and encouraged members to contact Energy Policy WA to arrange meetings.</p> <p>The Chair outlined the next steps to progress the governance review (slide 22).</p>	
<p>9</p>	<p>Next Steps</p> <p>The Chair presented the next steps for the broader EPNR Project (slide 24).</p>	

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	<p>Mr Robinson provided an overview of the Stage 3 (detailed PNR review) process. He explained that the next working group meeting on 29 July 2024 will examine an initial prioritised issue list with descriptions, and promptly transition to a discussion on option design and analysis. He highlighted that this process aims to ensure a comprehensive assessment before the release of a consultation paper in November, seeking formal written feedback from stakeholders.</p> <p>The Chair closed the meeting.</p>	

The meeting closed at 10:43 am.