



Minutes

Meeting Title:	Evolution of the Pilbara Network Rules (EPNR) Working Group
Date:	29 July 2024
Time:	9:30 AM – 11:30 AM
Location:	Online, via TEAMS

Attendees	Company	Comment
Dora Guzeleva	Chair, Energy Policy WA	
Rebecca White	BHP	
Nathan Kirby	BHP	
Lekshmi Jaya Mohan	BP	
Anthony Guevarra	CITIC Pacific Mining	
Aditi Varma	Economic Regulation Authority	
Guy Tan	Horizon Power – Pilbara Network	
Herman Prinsloo	Horizon Power – Pilbara Network	
Jaden Williamson	Horizon Power – Pilbara Network	
Sandy Morgan	Horizon Power – Pilbara Network	
Rebecca Mason	APA	
James Campbell-Everden	ISOC	
Noel Michelson	Rio Tinto	
Reece Tonkin	Woodside Energy	
Rudi Strobel	Yindjibarndi Energy Corporation	
Thomas Tedeschi	Energy Policy WA	
Tom Coates	Energy Policy WA	
Laura Koziol	Energy Policy WA	
Ajith Viswanath Sreenivasan	RBP	
Eija Samson	RBP	
James Seidelin	RBP	
Tim Robinson	RBP	

Item	Subject	Action
1	<p>Welcome and Agenda</p> <p>The Chair opened the meeting with an Acknowledgement of Country.</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>	
2	<p>Meeting Attendance</p> <p>The Chair noted the attendance as listed above.</p>	
3	<p>Action Items</p> <p>All action items from the previous Pilbara Networks Rules (PNR) Workstream meeting have been completed.</p>	
4	<p>Project Scope</p> <p>The Chair provided a recap of the project scope and staging, and the workplan for stages 3 and 4, referencing slides 4-5.</p> <p>The Chair reminded members that the next PNR Workstream meeting has been postponed to 22 August 2024 to avoid a clash with the Energy in WA Conference. She advised that the September and October meetings of the workstream would also be rescheduled.</p> <p>The Chair noted that stage 2 modelling outputs, updated with scenario 2A, 2B and 2C outputs and sensitivity analysis, would be circulated in advance of the 22 August meeting.</p>	
5	<p>List of EPNR Initiatives</p> <p>Mr Robinson introduced the list of EPNR initiatives on slide 7. He noted that the initiatives were drawn from a range of sources, including the initial Pilbara Industry Roundtable (Roundtable) review, EPNR working group discussions, and the modelling outcomes.</p> <p>Mr Robinson invited stakeholders to provide feedback on this list, particularly regarding the priority and framing of the issues and whether any issues were missing. He reiterated the intention for members to finalise the list of PNR issues at the next meeting and begin discussion on the priority issues.</p> <ul style="list-style-type: none"> Ms White asked how the modelling outputs informed the list of PNR issues. <p>Mr Robinson noted that the two main initiatives identified by the modeling were the introduction of a reliability standard and a balancing service to reduce load following requirements.</p>	
6	<p>Power system security and reliability (PSSR)</p> <p>Mr Robinson provided an overview of the PSSR initiatives identified, referencing slides 9 to 14.</p> <p>Mr Robinson acknowledged the interaction of the review of outage planning being conducted in the EPNR Project and the ISO's consideration of similar issues as part of its review of Subchapters 7.3 and 7.4 of the PNR. He stated that the EPNR Project would focus on developing a more structured and formal outage process that integrates generation and network outages, while dovetailing with the ISO's review.</p> <ul style="list-style-type: none"> Mr Campbell-Everden explained that the ISO's review aimed to address current issues, rather than considering the future reform and design of the system. 	

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	<ul style="list-style-type: none"> Mr Tonkin asked for clarification as to which issues were being addressed by each of the respective reviews. <p>Mr Robinson agreed to take this as an action.</p> <ul style="list-style-type: none"> Ms White recommended that EPWA liaise with the ISO to ensure the EPNR Review outcomes build upon any changes arising from the ISO's review, rather than overriding them. <p>The Chair agreed with Ms White and indicated that EPWA would continue to coordinate closely with the ISO to avoid duplication of effort, ensure no issues were missed and that any proposed changes between the reviews were congruent.</p> <ul style="list-style-type: none"> Ms White agreed with the identification of Essential System Services (ESS) cost allocation as an important issue to address and noted that ESS costs had been rising. She asked whether any consideration had been given to an inertia service for the Pilbara system similar to that of the Wholesale Electricity Market (WEM). <p>Mr Robinson acknowledged that it was not explicitly mentioned in the slides but noted that this may fit within ESS or broader system strength considerations, and an inertia service was an option the working group could consider.</p> <p>The Chair reflected on the issue of who should be responsible for setting system strength requirements stating that, depending on how system strength was defined, it could potentially cover inertia in addition to fault level management.</p> <p>The Chair acknowledged the need to have a clearly defined set of roles and responsibilities, including who is responsible for making sure the system strength standards are met and who is responsible for covering the cost of system strength services.</p> <ul style="list-style-type: none"> Mr Strobel suggested that any definition of system strength services that was developed should aim to adopt a similar definition to that of the National Electricity Market (NEM) to create consistency across Australian jurisdictions. <p>The Chair agreed, and noted that similar efforts were underway in the WEM to align to the extent possible.</p> <p>Mr Robinson confirmed that throughout the EPNR Project, there was an intention to align with definitions and approaches used in other Australian markets to the extent practicable and appropriate.</p> <ul style="list-style-type: none"> Mr Tonkin noted the potential impact of this project on any investment criteria that government might develop as part of any new market and industry models to facilitate the build-out of new transmission in the Pilbara. <p>Mr Robinson noted that rules and standards that are put in place during this review, would be expected to apply to new transmission builds in the Pilbara.</p>	
	<p>ACTION: Provide an outline of which PSSR issues are being addressed by the EPNR Review and the ISO's review of Subchapters 7.3 and 7.4 respectively.</p>	<p>EPWA</p>
<p>7</p>	<p>Scheduling, dispatch and settlement</p> <p>Mr Robinson provided an overview of the scheduling, dispatch and settlement initiatives identified, referencing slides 16 to 19.</p> <ul style="list-style-type: none"> Ms White asked whether a capacity regime similar to that of the WEM would be considered for the Pilbara. <p>Mr Robinson noted that the current approach to generation adequacy has some hallmarks of a capacity regime, without (explicit) payments. He emphasised that no answers are being presumed, but noted that the types of loads, consumers and participants in the Pilbara are different from those in the WEM. Therefore, the present</p>	

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	<p>non-centralised approach for certifying capacity might be more suitable than introducing a centrally procured capacity product.</p> <p>The Chair reiterated that no options were off the table, and noted the embryonic aspects in the current rules, which envision that those who use the system must ensure they are covered by capacity with some reserve. She noted that even though the WEM has centralised procurement, in practice, participants in the WEM contract bilaterally to cover obligations.</p>	
<p>8</p>	<p>New connections</p> <p>Mr Robinson provided an overview of the ‘new connections’ initiatives identified, referencing slides 21 to 25.</p> <ul style="list-style-type: none"> Ms White suggested that grandfathering arrangements should be considered in circumstances where an existing network interconnects with the NWIS. Ms Morgan noted that grandfathering arrangements are in place for existing networks and any proposed changes would need to carefully consider the impact that they may have (on existing grandfathering arrangements). <p>The Chair acknowledged that the rules will need to consider and differentiate between network interconnection and generator connections.</p> <ul style="list-style-type: none"> Mr Williamson agreed with the importance of distinguishing the NSP to NSP scenario, versus a user to NSP connection. He cited the example of an NSP applying its own modelling guidelines to assess a connecting NSP’s model, who would have their own modelling guidelines. He suggested that NSPs may need to develop interconnection frameworks to manage this. Mr Tonkin asked if the review of the rules around new connections would include a harmonisation of the HTR with Horizon Power’s technical rules. <p>The Chair noted that this issue was being addressed in the HTR Workstream and summarised the intention for the HTR to provide a single, end-to-end standard for automatic connection, with a negotiation framework for parties to agree alternative standards.</p> <ul style="list-style-type: none"> Ms Morgan noted that while planning, compliance and connection are dealt with in the PNR, many matters related to new transmission and cost allocation are addressed in the Pilbara Networks Access Code (PNAC). She indicated that the relevant provisions of the PNAC and PNR should be considered together in respect of a new connection framework, particularly in respect of access arrangements. <p>The Chair agreed that these matters should be considered holistically, and indicated that this was an internal focus for the relevant project teams within EPWA.</p> <ul style="list-style-type: none"> Mr Tonkin suggested considering the process for new transmission builds in combination with the issue of transmission planning. He emphasised that a key challenge in transmission planning is the need to build not only for what the initial customer may require, but the extent of overbuild needed in a high-renewables future. He expressed the view that the way (initially) unused capacity would be funded represented a key opportunity for transmission planners. <p>The Chair reflected that there were three distinct focuses within the current EPWA work program relevant to this discussion: firstly, transmission priority projects and financing; secondly, how the PNAC may need to evolve in the presence of more privately owned networks; and thirdly, the long term (transmission) planning function in the PNR.</p> <p>The Chair noted that the broader EPWA work program would more or less address these in that order and, accordingly, that the EPNR project proposed to prioritise the development of options for the first two initiatives in the short term (before dealing with transmission planning).</p>	

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	<ul style="list-style-type: none"> Ms White noted that the group may benefit from APA's recent experience connecting its Port Hedland solar and battery project. Mr Tonkin highlighted the potential for demand side participation to reduce ESS costs and suggested that it should be prioritised in this workstream. <p>Mr Robinson agreed, and suggested that this could be considered within the broader ESS procurement initiative.</p> <p>The Chair noted that EPWA was undertaking urgent work on the potential impact of large storage facilities (which are akin to a demand side resource when charging) may be having on level and cost of contingency lower service required in the WEM. She noted that, for the NWIS, it will be relevant to consider what services storage and demand side response can provide, as well as ensuring suitable provisions are in place for these facilities. She also noted that there is currently no contingency reserve lower service in the NWIS (while there is one in the WEM).</p>	
	<p>ACTION: Share reflections and insights from recent experience connecting its Port Hedland battery and storage project.</p>	
9	<p>Governance of the ISO</p> <p>The Chair provided an overview of the 'governance of the ISO' initiatives identified, referencing slides 27 to 30.</p> <p>The Chair noted that the current Pilbara regime was implemented as a low cost, flexible and light-handed model, which did not require sophisticated governance structures and compliance regimes. She highlighted the importance of reviewing whether such a governance framework remains fit-for-purpose as new participants, transmission operators, storage and generation providers connect.</p> <p>The Chair emphasised the value of a governance regime that operates primarily through rules design, rather than relying on enforcement mechanisms.</p>	
10	<p>Compliance and enforcement</p> <p>The Chair provided an overview of the compliance and enforcement initiatives identified, referencing slides 32 and 33.</p> <ul style="list-style-type: none"> Ms Morgan raised the importance of distinguishing compliance under the PNR from compliance under the PNAC. Mr Prinsloo emphasised that rules establishing penalties for parties not managing their load within tolerances should consider arrangements between parties for generation support. <p>The Chair clarified that the suggested balancing penalties concerned participants accruing imbalance penalties, and agreed that this would depend on what participants have already set up to balance their loads.</p>	
11	<p>Prioritisation</p> <p>Mr Robinson noted that there would not be time to consider and discuss options for each of the initiatives identified before the consultation paper is published. He presented slide 35, which proposed issues (in green text) to focus on in advance of the consultation paper.</p> <p>Mr Robinson invited members to provide feedback on the suggested priorities.</p> <ul style="list-style-type: none"> Ms Mason recommended focusing on PSSR and technical considerations for scheduling and dispatch, noting that it would be important to get those settings right in the context of new builds. Mr Tonkin acknowledged the merit of all of the initiatives raised. He suggested that it may be helpful if EPWA could share the criteria used to select priority issues. 	

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	<p>Mr Robinson agreed to take this an action item and present the criteria at the next meeting. He noted that one key consideration had been which initiatives would have an impact sooner than others.</p> <ul style="list-style-type: none"> Mr Prinsloo suggested prioritising ESS definitions, procurement and cost allocation. Mr Williamson highlighted the importance of considering whether the current definitions and categorisations of NSPs would continue to apply, as that may determine the priority of other items. <p>Mr Robinson acknowledged the merit of Mr Williamson’s point and confirmed that EPWA would add his suggestion to the list of PNR initiatives.</p> <ul style="list-style-type: none"> Ms White agreed with the focus on PSSR but emphasised the importance of governance, compliance, enforcement and connection processes as priorities. Ms White asked if all of the PNR issues that had been identified would be covered in the Consultation Paper for the EPNR project. <p>Mr Robinson answered there is not enough time before the Consultation Paper is developed for options analysis and design for all areas, but that issues not workshopped by then will at least be flagged and important interlinkages between issues identified.</p> <p>The Chair stated that the EPNR Project would develop an implementation plan covering issues with the existing PNR at a high level. She explained that once the Implementation Plan was published there would be further work to consider design issues and draft rules.</p> <ul style="list-style-type: none"> Ms Jaya Mohan asked how stakeholders should align their feedback on the EPNR Review and the parallel processes being undertaken with EPWA’s review of the PNAC and the ISO’s review of Subchapters 7.3 and 7.4 of the PNR. <p>Mr Robinson requested that members provide feedback in the next one to two weeks to enable the PNR initiatives list to be finalised at the next PNR Workstream meeting and work to commence on the prioritised initiatives.</p> <p>The Chair acknowledged EPWA’s busy and broad Pilbara work program, and advised that an Industry Liaison Committee meeting on 30 July 2024 would provide an update on this work program. She noted that representatives from each of the members organisations would be attending.</p>	
	<p>ACTION: Provide criteria used to inform the prioritisation of issues at the 22 August 2024 EPNRWG meeting.</p>	<p>EPWA</p>
	<p>ACTION: Add categorisations and definitions of NSPs and other entities under the PNR to the list of PNR issues.</p>	<p>EPWA</p>
<p>12</p>	<p>Next Steps</p> <p>The Chair again invited members who wished to provide EPWA with further feedback on any issue to do so outside of the working group meetings.</p> <p>The Chair closed the meeting.</p>	

The meeting closed at 11:30 am.