



Minutes

Meeting Title:	Pilbara Advisory Committee (PAC)
Date:	20 June 2024
Time:	9:30 AM – 11:00 AM
Location:	Online, via TEAMS

Attendees	Class	Comment
Sally McMahon	Chair	
James Campbell-Everden	Independent System Operator (ISO)	
Anthony Ravi	Registered Network Service Provider (NSP)	
Sandy Morgan	Registered NSP	
Neil Midolo	Excluded NSP	
Rebecca White	Excluded NSP	
Gabby Pracilio	Contestable Customer	
Sandra McInnes	Contestable Customer	
Chris Alexander	Small-Use Consumer	
Rory Burn	Discretionary Rule Participant	
Kristian Myhre	Discretionary Rule Participant	
Melinda Anderson	ERA's Observer	
Dora Guzeleva	Minister Appointed Observer	Proxy

Also in Attendance	From	Comment
Thomas Marcinkowski	PAC Secretariat	
Tom Coates	PAC Secretariat	
Tim Robinson	RBP	

Apologies	From	Comment
Bethwyn Cowcher	Discretionary Rule Participant	Apology
Momcilo Andric	Registered NSP	Apology
Noel Ryan	Minister Appointed Observer	Apology

Item	Subject	Action
1	<p>Welcome</p> <p>The Chair opened the meeting with an Acknowledgement of Country.</p> <p>The Chair noted that she had no conflicts to declare.</p> <p>The Chair noted her role as a Commissioner at the Australian Energy Market Commission and that the views or advice provided by the PAC to the Coordinator of Energy (Coordinator) do not necessarily represent the views of the Chair.</p> <p>The Chair noted the Competition Law Statement, reminding members of their obligations and encouraged them to bring to her attention any issues should they arise.</p> <p>The Chair reminded members that the meeting would be recorded for the purpose of developing the minutes.</p>	
2	<p>Meeting Apologies/Attendance</p> <p>The Chair noted the attendance and apologies as listed above.</p>	
3	<p>Minutes of Meeting 2024_04_18</p> <p>The Chair noted that the 29 February 2024 meeting minutes were approved out-of-session and published on the Coordinator’s website on 21 May 2024.</p>	
4	<p>Action Items</p> <p>The Chair noted that the four action items in the register were closed.</p>	
5	<p>Pilbara Roundtable Debrief</p> <p>The Chair informed members that she attended Phase 2 of the Pilbara Roundtable (Roundtable) in Karratha on 14 June 2024, representing the PAC.</p> <p>The Chair noted that the event was hosted by the Minister, with Mr Thomas and Mr Bray (Energy Policy WA) providing the Master of Ceremonies. She noted that the event was well attended by Aboriginal corporations, representative groups and industry, including several organisations of PAC members.</p> <p>The Chair noted that the purpose of Phase 1 of the Roundtable (held in 2023) was to facilitate a discussion of the opportunities and challenges associated with decarbonising the Pilbara, with a focus on the electricity sector, culminating in the Pilbara Energy Transformation Plan (PETP).</p> <p>The Chair reported that Phase 2 would advance the PETP and ensure traditional owners remained informed and consulted on the future evolution of the Pilbara electricity system. Key discussion points included:</p> <ul style="list-style-type: none"> • The mutual benefits of decarbonisation outcomes for all interested parties. • Pilbara as ‘ground zero’ for supporting Australia becoming a renewable energy superpower. 	

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	<ul style="list-style-type: none"> • The importance of unlocking \$3 billion in funding earmarked for WA under the Rewiring the Nation fund. • The role for traditional owners in care of country and the importance of early, honest and respectful negotiations. • The need for free, prior and informed consent from traditional owners for projects. • The importance of decarbonising the Pilbara, which contains 20 percent of all national safeguard sites and accounts for 40 percent of WA's emissions. • Transmission's role in unlocking renewable power, minimising costs and the impact on land. • Pilbara developments would be funded by a combination of Rewiring the Nation funding and private investment, with EPWA to assist with 'priority' projects to facilitate PETP objectives. • EPWA's focus on corridor planning for infrastructure to maximise industry benefits and minimise community and land use impacts. 	
	<p>The Chair outlined the next steps for Phase 2 of the Roundtable:</p>	
	<ul style="list-style-type: none"> • Developing a framework for partnerships with traditional owners in the Pilbara energy transformation. • Considering Network Service Provider functions, roles and responsibilities in a more integrated Pilbara network. • Examining options to provide revenue certainty to investors in transmission assets. • Continuing to ensure primacy of reliability and security of supply in the Pilbara regulatory framework. 	
	<p>The Chair invited questions from members on the Roundtable overview provided.</p>	
	<ul style="list-style-type: none"> • Ms White asked if access to shared infrastructure would be managed through a 'first past the post' system, or if it would instead involve a tender process. 	
	<p>The Chair responded that the Roundtable discussion did not cover that level of detail, but noted that it was indicated that guidelines and assessment criteria for shared infrastructure would be released in due course.</p>	
	<p>The Chair highlighted that the process for eliciting proposals is being developed as part of development of EPWA's Pilbara projects.</p>	
	<ul style="list-style-type: none"> • Ms White asked whether the facilitation funding provided to EPWA for Powering WA were limited to the South West Interconnected System, or if they applied to the Pilbara as well. 	
	<p>Ms Guzeleva clarified that Powering WA is not involved in EPWA's Pilbara work program, and the two separate projects have separate funding arrangements.</p>	

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	<ul style="list-style-type: none"> Mr Campbell-Everden noted broader and increased participation in the Phase 2 Roundtable, in particular by traditional owners, reflecting a new approach by Government to consultation and project development. Ms Morgan raised the importance of appropriate stakeholder engagement for the review of the Pilbara Networks Access Code (PNAC), particularly as the Pilbara Networks Rules (PNR), Harmonised Technical Rules and PNAC will ideally need to be amended at around the same time. <p>Ms Guzeleva answered that appropriate stakeholder engagement would indeed occur during the reviews of the PNAC and the PNR, as each review develops proposals and outcomes for consultation.</p> <ul style="list-style-type: none"> Ms White asked about the preferred participation model for traditional owners, noting their availability is often limited. Mr Campbell-Everden suggested that Mr Bray at EPWA may be best placed to answer Ms White's question. Members requested more information on how the various Pilbara reform projects conducted by EPWA will be staged, and how they will interact with one another. <p>Ms Guzeleva offered to invite Mr Bray to provide an overview on EPWA's broader Pilbara work program.</p>	
	<p>ACTION: Arrange for Mr Bray to attend a PAC meeting to provide an overview and update of EPWA's broader Pilbara work program to align with the next phase of the process.</p>	<p>EPWA</p>

6 EPNR Project Update

Ms Guzeleva introduced the presentation slides summarising the main outcomes and discussion points arising out of previous meetings of the Evolution of the PNR Working Group (EPNRWG) (slides 3 to 5).

Mr Robinson provided an overview of the scenarios and modelling assumptions discussed at the 23 May 2024 EPNRWG (PNR Workstream) (slides 7 to 23).

Mr Robinson reported that the main feedback from the EPNRWG had been that Scenario A modelling needs to allow new transmission build to more accurately reflect the existing PNR settings. He confirmed that the modelling assumptions would be revised to reflect this feedback.

Mr Robinson noted that, since the 23 May 2024 meeting, the emissions and decarbonisation assumptions are now reflected in the model as emission limits (constraints) derived from participants targets.

- Ms Morgan asked what the model results indicate about the benefits of islanding systems connecting to the North West Interconnected System (NWIS).

Mr Robinson explained that the benefits include reduced overall cost to supply and specific cost savings for individual parties. He emphasised that the main source of cost savings between scenarios is the ability to

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	<p>share generation, particularly regarding the provision of sufficient capacity to meet the peak demand.</p> <p>Ms Guzeleva noted the issue of resource sharing in the Pilbara system is being discussed in the context of progressively higher levels of intermittent generation connecting to the NWIS.</p> <ul style="list-style-type: none"> Ms Morgan clarified that her interest was in whether islanded systems would be obliged to share or handle peak capacity individually. She acknowledged that this may be addressed in the next level of detail. Ms Pracilio noted that the emission constraints appear to suggest around 20% reduction by about 2030 (based on publicly available information and industry advice) and 80% by 2050. She highlighted that the safeguard mechanism reforms are likely to require more rigorous targets (potentially around 34% emission reduction by 2030), and queried whether this sensitivity should be reflected in the modelling. <p>Ms Guzeleva noted that there is scope to amend the renewable targets in the EPNR modelling. She invited members to suggest updated renewable energy targets.</p> <p>Mr Robinson outlined that the modelling of generation build is not likely be sensitive to small changes to targets unless the new target is so much greater that it means a much greater renewables build.</p> <ul style="list-style-type: none"> Mr Ravi questioned the feasibility of addressing the modelling outcomes without a significant change to a gross pool market, which does not seem appropriate for the NWIS. <p>Ms Guzeleva clarified that the scenarios were not based on design options for either partial or full integration but aimed to determine if services could be shared to avoid overbuilding of renewables and storage while maintaining reliability of supply. She emphasised that bilateral markets will play an important role and any change to the Pilbara regime would likely occur through an incremental, evolutionary approach, not a wholesale change to the market model.</p> <p>Mr Robinson reiterated that a key insight from the modelling was that there would be higher volatility in a future with higher renewable penetration, and more integration or a centralised service could mean participants are able to share the burden of covering that volatility, rather than having to do so individually and potentially at much greater cost.</p> <ul style="list-style-type: none"> Mr Ravi agreed that there was merit to shared resources and avoid overbuilding, but queried who will bear the risk of outages in a more integrated system. He stated that the NWIS has evolved to safeguard security of supply and that the underlying purpose of the Pilbara system has not changed. <p>Ms Guzeleva stated that EPWA aims to ensure that the PNR support decarbonisation targets while maintaining security and reliability of supply, and allowing entry of a larger number of participants and third-party infrastructure providers.</p>	

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- Mr Alexander referred to the issue of emissions constraints, stating that the Expert Consumer Panel had queried whether gas projections out to 2050 reflect what the actual future energy mix for the Pilbara will be.
- Ms Morgan noted the potential 30% generation build savings in Scenario 1C, relative to Scenario 1A and asked which aspect of the existing PNR (capacity or energy) was driving this outcome.
- Ms Morgan noted that energy can already be shared under the existing rules.

Mr Robinson responded that the savings relate to capacity. He explained that if the variable renewable resources could be perfectly correlated to assign capacity efficiently across loads, the current rules could work.

Ms Guzeleva emphasised that the main issue is whether it is sensible to require parties to secure their own capacity commitments to perfectly match their demand in the decarbonised future, such that they are able to load follow, or whether this needs to be relaxed to ensure resources are able to be used efficiently to meet the overall system needs.

- Ms Morgan queried whether this could be dealt within the existing rule framework.

Mr Robinson acknowledged an ability to share energy in an ‘operational time’, but noted that before you do that, in the ‘planning timeframe’, you need to certify that you have commitments from generators to meet the demand at all times.

- Ms Morgan stated her understanding that these issues are addressed in Chapter 6 (Generation Adequacy) of the PNR, and that it was not apparent where the gaps in the current PNR were.

Mr Robinson noted that parts of Chapter 6 were currently suspended, and that there was no clarity regarding how peak demand will be estimated or how the contribution of renewables will be assessed.

Ms Guzeleva presented slides (25 to 27) highlighting the prioritisation of this work and the proposed approach to reviewing the PNR governance framework, focusing on the ISO governance, as part of the EPNR Project. She acknowledged competition law concerns raised during the consultation process on Pilbara ISOCO’s ACCC authorisation.

- Ms White noted that the ACCC determination on the ISO’s functions is expected in September 2024 and recommended that EPWA liaise with the ACCC to coordinate the governance consideration outcomes.

Ms Guzeleva explained that EPWA will present its analysis on the governance issues at the August PAC meeting and that there is ongoing communication between EPWA and the ACCC. She confirmed the ACCC findings will inform any further analysis and recommendations developed in the Consultation Paper EPWA expected to be published in November.

- Mr Alexander highlighted that small consumers have an interest in ‘value for money’ investment in the Pilbara electricity system and noted the importance of the governance work in this regard.

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	<p>Ms Guzeleva outlined next steps (slide 29), noting that EPWA would circulate finalised modelling results to the PAC out-of-session. She noted that Stage 3 (detailed PNR review) would commence shortly, with a prioritised issues list to be presented to PAC at its next meeting on 29 August 2024.</p>	
	<p>ACTION: Circulate final modelling results to PAC members out of session.</p>	<p>EPWA</p>
<p>7</p>	<p>General Business</p>	
	<p>The Chair noted that the next meeting will be held online on 29 August 2024, and suggested that the PAC consider at that meeting whether to schedule an in-person meeting in the future.</p>	

The meeting closed at 11:00am.