



Department of Energy, Mines,
Industry Regulation and Safety
Energy Policy WA

Proposed changes to the Electricity Networks Access Code – modifying Western Power Access Arrangement revision dates

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Working together for a **brighter** energy future.

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Department of Energy, Mines, Industry Regulation and Safety

Energy Policy WA

Level 1, 66 St Georges Terrace
Perth WA 6000

Locked Bag 100, East Perth WA 6892

Telephone: 08 6551 4600

www.energy.wa.gov.au

ABN 84 730 831 715

Enquiries about this report should be directed to:

Email: EPWA-info@demirs.wa.gov.au

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Glossary

Term	Definition
AA5	Western Power’s fifth access arrangement
AA6	Western Power’s sixth access arrangement
Access Code	Electricity Networks Access Code 2004
DER Act	<i>Electricity Industry Amendment (Distributed Energy Resources) Act 2024</i>
EPWA	Energy Policy WA
ERA	Economic Regulation Authority

1. Introduction

1.1 Background

Significant changes are underway in the electricity sector, driven by private industry and government investment in new generation and storage projects, and the electricity network augmentation needed to support them.

At the same time, policy reforms, including the recent passage of legislation, presents a changing regulatory landscape for Western Power.

The Electricity Networks Access Code 2004 (Access Code) sets-out the requirements for the regulation of covered networks in Western Australia, which includes the Western Power network. Under the Access Code, Western Power is regulated through fixed term access arrangements which are approved by the Economic Regulation Authority (ERA). Western Power's current access arrangement applies until 30 June 2027.

Changes to the Access Code are now being proposed to extend key target dates which apply to Western Power's sixth access arrangement (AA6) period (which will commence on 1 July 2027).

This extension will allow for the resolution of some, although not all, key uncertainties prior to the publication of the framework and approach document by the ERA and the submission of Western Power's proposed revisions for AA6.

1.2 Purpose of this paper

Section 108 of the *Electricity Industry Act 2004* requires that formal public consultation be undertaken by the Minister for Energy on proposed amendments to the Access Code.

The publication of this paper, with the drafted amendments provided at Appendix A, addresses this consultation requirement. This paper outlines the rationale and intent of the proposed Access Code amendments, and seeks submissions.

1.3 Making a submission

Energy Policy WA, on behalf of the Minister for Energy, is seeking feedback from interested parties on the proposed Access Code amendments by **5:00pm (AWST) on Monday 16 December 2024**.

Submissions can be emailed to EPWA-Submissions@demirs.wa.gov.au or posted to Energy Policy at Locked Bag 100, East Perth WA 6892.

In order to promote transparency, submissions will be made publicly available on the wa.gov.au website. Stakeholders should clearly specify if the information they provide is confidential, and where possible, separate confidential information from non-confidential information.

Persons making any claim for confidentiality should familiarise themselves with the provisions of the *Freedom of Information Act 1992* (Western Australia), which imposes obligations in respect to the release of documents.

2. Current arrangements

The Access Code sets-out timeframes for the commencement of each access period, as well as for publication of relevant documents during the access arrangement determination process.

The start of the upcoming AA6 period, the '*target revisions commencement date*' (commencement date), was approved by the ERA in Western Power's fifth access arrangement (AA5) to be 1 July 2027. Western Power is required to submit proposed revisions to the ERA by no later than

17 months prior to the commencement date. This, the '*revisions submission date*' (submission date) for AA6, is currently 1 February 2026.

The Access Code also requires the ERA publish a framework and approach document, which sets-out the services that will be regulated through the access arrangement and the incentive mechanisms that will apply.

Under the Access Code, the ERA is required to publish a scoping paper 31 months prior to the commencement date.

The next access arrangement commencement date of 1 July 2027 means that ERA is required to commence the framework and approach for AA6 by 1 December 2024. The release of the initial scoping paper must include an indicative timetable setting out the ERA's milestones for the rest of the framework and approach process.

The framework and approach is an important precursor to the access arrangement process as it defines the key regulatory components such as the services to be provided, methods for setting benchmarks, incentive mechanisms, and the form of price control that will inform target revenue over the period. Importantly, these matters are subject to extensive consultation between the ERA, Western Power, and electricity industry participants and consumers.

2.1 The case for amending the commencement date

An extension of 12 months to the submission date and commencement date pertaining to Western Power's AA6 is being proposed to appropriately manage uncertainty that is likely to impact AA6. The drafted amendments to support this proposal is provided in Appendix A.

Specifically, it will allow additional time for key decisions to be made by Government which will have significant implications for Western Power's Access Arrangement process, as well as avoid making any significant decisions prior to the State General Election which could possibly bind an incoming government.

2.1.1 Significant changes underway for Western Power's operating environment

Significant changes to the Western Australian energy sector are underway which will have implications for the Western Power's investment in and operation of the electricity network over the AA6 period. In particular, these matters include:

A) Development of transmission network augmentation

The energy transition will require a step-change in the construction of transmission network and upgrades to infrastructure at a scale not undertaken by Western Power in over a decade. The first of these major projects, known as Clean Energy Link – North, was determined by the Minister for Energy in November 2023 to be a necessary, critical and time-sensitive network project.

This first project will yield critical insights into challenges associated with costs and resourcing of new transmission infrastructure projects, and a 12-month deferral will allow for a greater understanding of the likely scope, costs and timeframes of the required transmission build to better inform the proposed revisions.

The development of this project and other network augmentation to meet customer demand for new connections will inform Western Power's next access arrangement. Additional time to develop the scope and cost of these projects will provide an opportunity for them to be appropriately incorporated within the next access arrangement.

B) Review of the Access Framework as part of legislation implementation

The implementation of the *Electricity Industry Amendment (Distributed Energy Resources) Act 2024* (DER Act) will involve the review and transition of several legislative instruments into a new

Electricity System and Market Rules (ESMR). The Access Code is one of the instruments which will be reviewed and transitioned into the ESMR.

The review and potential amendment of the Access Code has implications for Western Power's operating environment, including the criteria which inform ERA's assessment of Western Power's expenditure, and mechanisms (including incentives) which drive efficient outcomes for network users.

As the first stage of amendments delivered through the DER Act is likely to come into force after the framework and approach would ordinarily have been completed, this additional time will provide an opportunity for relevant matters to be considered prior to commencement of the AA6 process.

2.1.2 Restrictions during the election cycle

The Western Australian State General Election is scheduled for 8 March 2024. Prior to elections, government agencies and businesses observe conventions that see them avoid making commitments, decisions or appointments that would possibly bind an incoming government. Western Power would not normally make significant submissions around this time.

The finalisation of the framework and approach is an essential part of the access arrangement process, and defines key areas for consideration in AA6 final decisions. Reflecting this importance, deferral will enable appropriate consultation on those issues and provide an opportunity for Western Power to make a fulsome submission on framework and approach.

An amendment to Access Code to extend the commencement date is not without precedent. Similar changes were made to extend the submissions date from December 2016 to October 2017 for Western Power's fourth access arrangement, and from February 2021 to February 2022 for AA5.

2.2 Proposed amendments

The proposed amendments, presented in Appendix A, will apply only to the Western Power network, and only to the next access arrangement review (AA6).

The drafting would insert new sections 4.86 to 4.88 of the Access Code, to amend two dates:

- the *revisions submission date*, which will now be deemed to be 1 February 2027; and
- the *target revisions commencement date*, which will now be deemed to be 1 July 2028.

Appendices

Appendix A. Proposed amendments to the Access Code

New sections 4.86 to 4.88 and the following headings are inserted after section 4.85—

“

Review of access arrangement for the Western Power Network after 2024 (No.2) amendments

4.86 Sections 4.86 to 4.88 apply only in respect of the application of the next *review* of the *access arrangement* for the *Western Power Network* after the *2024 (No.2) amendments* and not any subsequent *reviews*.

4.87 In sections 4.86 to 4.88-

“**2024 (No.2) amendments**” means the amendments to this *Code* made by the *Electricity Networks Access Code Amendments (No.2) 2024*.

{Note: The *Electricity Networks Access Code Amendments (No.2) 2024* were Gazetted on [date TBC] 2024.}

4.88 Despite anything else in this *Code* or the *access arrangement* for the *Western Power Network*:

- (a) the *revisions submission date* by which the Electricity Networks Corporation must submit its *proposed revisions* to the *access arrangement* for the *Western Power Network* and revised *access arrangement information* to the *Authority* is deemed to be 1 February 2027; and
- (b) the *target revisions commencement date* is deemed to be 1 July 2028.

”

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