



## Minutes

<b>Meeting Title:</b>	Pilbara Advisory Committee (PAC)
<b>Date:</b>	5 December 2024
<b>Time:</b>	9:30 AM – 11:30 AM
<b>Location:</b>	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	
Li-Lin Ang	Registered NSP	Proxy for Momcilo Andric
Rebecca White	Excluded NSP	
Anthony Marcos	Contestable Customer	Proxy for Gabby Pracilio
Rosh Ireland	Small-Use Consumer	
Rory Burn	Discretionary Rule Participant	
Kristian Myhre	Discretionary Rule Participant	
Bethwyn Cowcher	Discretionary Rule Participant	

Also in Attendance	From	Comment
Dora Guzeleva	PAC Secretariat	
Tom Coates	PAC Secretariat	
Luke Commins	PAC Secretariat	
Laura Kozial	PAC Secretariat	
Tim Robinson	RBP	

Apologies	From	Comment
Gabby Pracilio	Contestable Customer	
Momcilo Andric	Registered NSP	

Sandra McInnes	Contestable Customer	
Lekshmi Jaya Mohan	Discretionary Rule Participant	
Noel Ryan	Minister Appointed Observer	

Item	Subject
------	---------

## 1 Welcome

The Chair opened the meeting with an Acknowledgement of Country.

The Chair noted that she had no conflicts to declare.

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.

- Ms Cowcher noted for completeness that Macquarie Group had made a submission to the Pilbara Energy Transition (PET) expression of interest process but was unsuccessful.

The Chair reminded members that the meeting would be recorded for the purpose of developing the Minutes.

## 2 Meeting Apologies/Attendance

The Chair noted the attendance and apologies as listed above.

## 3 Minutes of Meeting 2024\_06\_20

The Chair noted that previous Minutes were approved and published on 19 November 2024.

## 4 Action Items

The Chair noted that the proposed PET Plan update had not been included to allow the time to be spent on the EPNR Project proposals and that a consultation paper on the PET plan will be published at the same time as the EPNR Project proposals so PAC members will have an opportunity to review and comment on those proposals.

## 5 Discussion of Draft Proposals for the EPNR Consultation Paper

The Chair explained that the request was for the PAC to review and provide feedback on the proposals. She emphasised that these proposals are in draft form and subject to change before the consultation paper is published. She asked the PAC to focus on key outcomes from the working groups.

Ms Guzeleva explained that the publication timeframe for this paper would be aligned with the Pilbara Network Access Code paper, with the submission period open until the end of March 2025.

She noted that the presentation material will be taken as read, and the focus would be to address questions from Members.

### Proposal 1: Long Term Planning

- Ms Morgan proposed renaming the 'Integrated Pilbara Plan' to avoid confusion with the existing 'IPP' acronym (Independent Power Producer).

Ms Guzeleva agreed that an alternative name should be adopted.

- Members requested proper regard and consideration be given to commercially sensitive information collected by the ISO for planning purposes.

**Item****Subject**

- Ms White added that these concerns were heightened by the current composition of the ISO and would be less of an issue if the ISO's independence were strengthened.
- Mr Campbell-Everden stated that strong internal governance controls are in place at the ISO to ensure confidential information is not shared with member directors.

Ms Guzeleva agreed with the comments and noted that, under this proposal, Participants can notify the ISO if they believe information is commercially sensitive. She reiterated that such information is used solely for planning purposes. She noted that details about committed projects should be public while acknowledging that information about future, potential plans is likely commercial-in-confidence. She emphasised that non-sensitive information should be publicly available for transparency and the benefit of all stakeholders.

Ms Guzeleva noted that separate proposals regarding transparency and classification of information are included in the meeting pack.

- Mr Ravi raised a general comment and concern with all the proposals. He noted the administrative burden and costs associated with the proposals, emphasising the lack of clarity on the benefits to participants. He stated that ISO costs have increased since 2021, and these proposals represent significant structural reforms to the NWIS.
- Ms Morgan stated her understanding that the consultation paper would have tranches of costs and benefits, allowing participants to see net benefits in each phase.
- Ms White acknowledged the difficulty of quantifying the impact of each proposal individually. She suggested that it might be useful for the consultation paper to indicate whether a proposal would materially increase costs, compared to the current scope of ISO functions.
- Mr Campbell-Everden asked whether, at a later stage of the project - perhaps the implementation plan - the ISO could provide input on potential costs associated with new and expanded ISO functions.

Ms Guzeleva noted that long term planning is already an ISO function and highlighted participant calls to integrate transmission and supply forecasts.

Mr Robinson added that earlier project modelling identified significant integration savings, potentially worth billions.

Ms Guzeleva emphasised that the project's need is based on increasing penetration of variable renewable energy, as supported by modelling. She warned that, if the framework remains designed for firm generation and static loads, the system will not work. She noted that it would become prohibitively expensive to provide ESS, build transmission lines and procure services if participants continue meet their load with firmed renewable generation independently.

Ms Guzeleva noted that detailed design is required before any sensible costs can be estimated. She indicated that the process would culminate in the implementation plan with a staggered approach and a trajectory and that would be the right time to start talking about individual cost of ISO functions. Right now, this is not practicable."

The Chair summarised the points made by the committee members and that, while there were many benefits to the region, minimising the costs to achieve the overarching objectives need to remain a key focus.

**Proposal 2: Network reliability**

Ms Guzeleva provided clarity on the proposal as outlined in Slide 4.

Item	Subject
------	---------

- Ms Morgan expressed general support for the position but flagged the need to clarify which networks this standard will apply to (e.g. excluded networks).
- Mr Ravi asked if existing parts of the network that do not meet the n-1 standard will remain as-is or will need upgrading to meet the standard.
- Ms Morgan added that legacy and grandfathering considerations are critical, as this may be an area in which costs outweigh benefits.
- Ms White asked if networks that solely benefit their owners would face any obligations under the proposal.

Ms Guzeleva explained that the goal is to establish a common standard across all networks in the future. She acknowledged that transitional periods or non-network solutions may be necessary for networks currently operating under lower standard.

**Proposal 3: Capacity forecasting**

The Chair noted that there were no comments and indicated that this would be taken as general support.

**Proposal 4: Individual capacity requirements**

- Mr Ravi asked if the NWIS is ready for a capacity market and commented that there was insufficient detail on how the proposal is intended to be implemented.

Ms Guzeleva clarified that the proposal does not suggest a capacity market. Instead, it is aimed at enabling the ISO to forecast when supply may not meet demand and take action by signing contracts to bring in additional capacity. She added that this proposal is not expected to be implemented in the near term and would only be necessary as more renewables connect to the system.

- Ms Ang sought clarification on whether Rio Tinto, if it so chooses, could be excluded from this process.

Ms Guzeleva clarified that an entity can exclude itself from this process, if no energy is transported through the interconnected system and there is no impact on the system or other participants.

- Ms Morgan emphasised the importance of clearly defining terms such as excluded networks, Connection Point of Compliance (CPC) facilities and NSPs. She noted that it is particularly important to determine whether chapters 2 and 3 of the HTR apply to them and to ensure that traditional NSPs are not overly burdened with costs.

**Proposal 5: Capacity certification**

- Ms Cowcher queried how a probabilistic method for variable generation would interact with contracts.

Ms Guzeleva explained that this forecasting exercise is conducted from a system perspective and does not impact on individual contracts related to capacity and energy. She emphasised that participants must ensure they have adequate capacity to meet their demand, and that she anticipated that contracts may align because participants are required to self-certify.

- Mr Ravi asked if this approach could create a negative incentive by requiring new intermittent generation to be firmed up.

Ms Guzeleva responded that the mechanism is not designed to disincentivise current operations. She noted that over time, participants would need to cover their renewable generation with firm capacity and that this mechanism would facilitate that efficiently. In the interim, existing thermal generation could be used to firm capacity.

**Proposal 6: Backup capacity procurement**

**Item****Subject**

The Chair noted that there are no comments and indicated that this would be taken as general support.

**Proposal 7: ESS framework**

- Ms Morgan asked if there is a proposal for secondary FCESS to be procured differently than it is currently in the PNR.

Mr Robinson clarified that there is no intent to move away from contracts for services. He added that the goal is to consolidate these services under one framework, while still allowing for different procurement methods. He noted that, while the approach has not been finalised, there is a clear need for more frequent assessments of how much ESS is required for all services.

**Proposal 8: ESS Cost Recovery**

Ms Guzeleva explained that the proposal as outlined on slide 12 is aimed at addressing energy supply volatility, on the assumption that more variable generation would connect to the NWIS.

- Ms Morgan urged consideration of residential customers in the Pilbara, so that none were disadvantaged, through cost sharing by larger loads.

Ms Guzeleva acknowledged this view.

**Proposal 9: System Strength**

The Chair noted that there are no comments and indicated that this would be taken as general support.

**Proposal 10: Outage Planning**

- Ms Morgan sought confirmation that the proposal was for all parties to notify the ISO directly, rather than via their NSP.

Ms Guzeleva confirmed this understanding.

**Proposal 11: Outage Planning – Timing**

- Mr Ravi agreed that the ISO should be able to reschedule an outage but indicated that it should not have the authority to reject an outage entirely.

Ms Guzeleva noted that she had not encountered a system where the system operator reschedules an outage on behalf of the applicant. She considered that the logistics of an outage would likely require input from the applicant.

Mr Robinson added that the ISO may only reject an outage application based on strict reasons, such as an impact on PSSR at a certain time, rather than rejecting an outage outright.

- Mr Ravi questioned the proposal to publish outages, citing potential security and confidentiality concerns. He asked whether outages would be published only to the NSP group or more broadly, such as on a public website.

Ms Guzeleva explained that outages are typically one of the more transparent aspects of a market, as participants plan their activities around the approved outage schedules to maintain PSSR.

Mr Robinson added that in some markets outage information is published on public websites, while in others log in details are required. In all cases the information is widely available.

- Ms Ang asked how outage decisions would balance potential misalignments with vertically integrated networks and their operations.

Ms Guzeleva clarified that outage approvals are required only for outages that impact other parties by creating a credible contingency. She emphasised that participants with vertically integrated operations would want to ensure that scheduled outages do not create

unacceptable PSSR risks. She added that if misalignments arise, the ISO would make the final decision.

- Ms White noted that the proposal should align with the ACCC commentary provided in its authorisation decision.

#### **Proposal 12: Balancing Mechanism**

- Mr Ravi asked if this proposal replaced the existing balancing regime. He highlighted the current regime's inclusion of a tolerance margin and asked if this would continue under the proposal.

Ms Guzeleva indicated that the proposal could accommodate some tolerance but would not support significant deviations. She explained that the mechanism allows participants to balance their positions without being exposed to market prices. However, if renewable generators are not adequately supported by flexible or firming capacity, participants may trade around their positions or face balancing prices. She noted that this is similar to the EBAS but would require some redesign.

The Chair indicated that, due to time constraints, the remaining proposals would only be discussed on request. She asked members to identify proposals that they wished to discuss further.

#### **Proposal 14: Manual load shedding plan**

- Ms Morgan suggested that the proposal clearly prioritise essential loads, such as hospitals and life support systems.
- Ms Ang and Ms White emphasised the need to carefully consider rights and supply obligations under State Agreements, such as obligations related to provision of electricity to townships.

Ms Guzeleva agreed and indicated that EPWA would include a note in the consultation paper observing that the impact of State Agreements would need examination during the detailed design phase to ensure that those existing rights and obligations are observed.

#### **Proposal 17: ISO Budget**

- Ms Morgan suggested that AEMO might be a better option than the ISOCO model. She noted that the AEMO cost estimates were not viable at the time but observed that current ISO costs have increased substantially. She requested further exploration of AEMO as an alternative operator.

Ms Guzeleva indicated that the AEMO cost estimates available to EPWA were based on the functions of the PNR existing at the time. She cautioned against extrapolating these estimates to a future state and emphasised the difficulty of comparison without detailed information. She suggested detailed analysis would be required to determine the costs for ISO to assume additional functions.

#### **Proposal 18: ISO Fees**

- Ms White sought clarification on who would be affected by the proposal, noting that some large generators and loads have settlement or balancing points at a single location, limiting their actual injection and withdrawal from the NWIS, though they still rely on ESS and ISO services.

Ms Guzeleva agreed that the proposal's scope was unclear and indicated that EPWA would clarify this in the consultation paper. She confirmed that the intention is for anyone connecting to a network and either provides or receives services to share the costs.

#### **Proposal 19: Information**

- Ms White urged that this proposal is consistent with the commentary in the recent ACCC authorisation.

#### **Proposal 24: Self-contained networks**

Item	Subject
------	---------

- Ms Morgan reiterated earlier comments (made on Proposal 4) to clearly define and distinguish key terms such as excluded networks, CPC facilities and NSPs.

**Proposal 25: Storage Participation**

- Ms White asked if storage works above 5 megawatts, located behind the meter and solely supplying a related load, would need to register their facilities or be exempt. She noted that such batteries might represent a large withdrawal from the network.

Ms Guzeleva indicated that if storage is behind the meter and never imports or exports more than the specified quantity, registration would not be required. She added that provisions would be needed to ensure that the battery does not inject or withdraw more than allowed. She agreed that this issue should be explored further in the consultation paper.

The Chair highlighted a few key points from the discussion of agenda item 5. These include what information would be made public, ensuring that implementation of these reforms minimises the cost, and working closely with stakeholders to develop high level cost estimates and discuss incremental staging and delivery of these reforms through to their end state.

**6 2025 PAC Meeting Schedule**

The Committee agreed to the schedule as presented in the meeting papers.

**7 Other Business**

Ms Guzeleva reiterated the intended timeframe for releasing the Consultation Paper, noting that this is dependent on the time of release of the PNAC Paper.

- Mr Campbell-Everden highlighted that the ISO's proposed rule change regarding reforms to sections 7.3 and 7.4 of the PNR Rules would be delayed until the ACCC makes its final determination.

The Chair stated that the next PAC meeting, as approved, would be held at 1:30pm on 1 May 2025.

**The meeting closed at 11:28 am.**