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Energy Policy WA
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Submission - Energy Transformation Strategy: Proposed Changes to the Access Code

Thank you for the opportunity to provide comments on the consultation paper regarding the Proposed Changes to the Electricity Networks Access Code. Below are Change Energy’s comments based on Table 2 in the Summary of Changes section of the Consultation Paper.

Increasing opportunities for new technologies

Desired policy outcome	Change Energy Comments
Enhance transparency of the process of determining the most efficient and prudent investment option for new technological solutions including Distributed Energy Resources (DER).	Change Energy supports these changes. With respect to ensuring Western Power (WP) accounts for other costs when assessing net benefits, this should include the potential costs for decreased competition where the solution is a stand-alone power system that removes customers from the WEM.
Provide greater transparency and opportunity for non-network service providers to deliver efficient solutions to Western Power to alleviate network needs.	Change Energy supports these changes.
Facilitate the deployment of distribution connected storage and stand-alone power systems.	Change Energy believes that Western Power should only be able to engage non-network solutions through the “Alternative Option Service Contract” model. Any other benefits that may be available to the solution should be available to the solution provider. Western Power owning an operating distribution level storage would potentially involve buying and selling of energy to customers. This needs to be carefully considered in the context of other regulatory frameworks regarding the selling of electricity to customers – as an example – how would transactions with customers be settled?
Enable sharing of benefits with end-use customers when a network business uses regulated assets for unregulated purposes.	Change Energy does not support the idea of WP providing unregulated services from regulated assets. Where there are unregulated benefits, WP should contract out those benefits and any revenue received should be used to lower costs for customers. Further, WP currently does not have the capability to operate unregulated assets.

Streamline the regulatory approach for Whole of System Plan (WOSP) projects to ensure that priority projects are delivered in a timely manner.	Change Energy supports these changes.
Amend the Technical Rules change management framework to improve equity and consistency with the WEM Rules framework and allow for greater responsiveness to changes in the energy sector.	Change Energy supports these changes.
Limit the scope of the Technical Rules to exclude generator performance standards that are to be outlined under the WEM Rules.	Change Energy supports these changes.

Maximising network utilisation

Desired policy outcome	Change Energy Comments
Focus on the long-term interests of consumers and the reliability, safety, and security of the Western Australian electricity system.	Change Energy supports changes to the Access Code objectives except for new objective (c). We strongly believe that this should not be included as an objective. In other jurisdictions around the world this type of regulatory test has been used to stall projects using endless litigation. Investments in the network, generation or other aspects of electricity supply are already subject to environmental regulations and approval processes. Change Energy believes the objectives in (c) are implicit in the wording of objective (a).
Ensure appropriate price signals.	Change Energy supports these changes. However, the network pricing principle and tariff statement should explicit acknowledge that the network itself is largely a fixed asset that is based on maximum demand and not dependent on throughput. Tariff structures should start on a pathway that acknowledges this fact, eventually to the point where all tariffs are set by demand and not consumption.
Enable better consumer engagement.	Change Energy questions the value of end-use customer engagement. Other than when a consumer wishes to connect a new site or there is a fault, the consumer has very little interaction with WP. Consumer understanding of network charges is extremely limited. It has been our experience that WP engagement with consumers has generally added confusion to the consumer understanding of electricity costs. Most small users of electricity will still confuse WP with Synergy and vice-versa.

Improving access to the Western Power network.	Change Energy supports these changes.
Enable the full technical functionality of AMI required to help manage a high-DER future.	Change Energy supports these changes.
Enable cost recovery for constraint-related functions.	Change Energy supports these changes.

Improving the access arrangement process

Desired policy outcome	Change Energy Comments
Introduce a Framework and Approach.	Change Energy supports these changes.
Truncate the access arrangement process.	Change Energy supports these changes.
Miscellaneous and transitional provisions.	Change Energy supports these changes.

Other Issues

Change Energy appreciates the amount of work that is being progress by the Energy Transformation Taskforce across all areas of the electricity sector and the timelines involved. However, the work and timelines should not preclude other reforms that are key to an efficiently operation electricity market.

The above proposed changes to the Access Code have not addressed issues in the relationship between WP and retailers. Currently retailers take all credit risk with respect to customer payments and must provide a large amount of security to Western Power to cover access charges for all of the retailer’s customers. At a minimum the Access Arrangement should include provide bad debt provisions in network tariffs – on the principle that if a customer does not pay the retailer, then the retailer does not pay Western Power.

Change Energy understands that there have been ongoing discussions in the NEM regarding the security provisions between retailers and network operators. The taskforce should review those provisions and where appropriate seek to adapt them in the WEM.

Lastly, it is undeniable that the energy transformation will bring major changes to how electricity is generated, distributed, and consumed. This will necessitate major changes in how customers pay for the service. The Taskforce should not limit the reform to using existing structures and should investigate other ways to ensure that customers pay the true cost of the service and that these costs are equitable across all consumers.

Change Energy would welcome the opportunity to discuss our comments further with the Taskforce.

Yours Sincerely,

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