



26 June 2020

Mr Stephen Edwell
Independent Chair
Energy Transformation Taskforce
David Malcolm Justice Centre
28 Barrack Street
Perth WA 6000

By email to energytransformation@energy.wa.gov.au

Dear Stephen

Proposed changes to the Electricity Networks Access Code

Thank you for the opportunity to provide a submission regarding the Energy Transformation Strategy: Proposed Changes to the Electricity Networks Access Code (the Access Code) Consultation Paper published in May 2020 (the Paper).

EDL is a leading global producer of sustainable distributed energy. We own and operate around one hundred power stations across Australia, North America and Europe including generators that participate in the WA Wholesale Electricity Market (WEM).

We broadly support the proposed Access Code changes which are designed to bring the South Western Interconnected Network (SWIN) into closer alignment with access arrangements in the National Electricity Market (NEM) while recognising the particular characteristics of the SWIS. We would like to make several specific comments.

The Access Code Objective

EDL supports the changes to the Access Code objective which brings it into closer alignment with the National Electricity Objective. We also strongly support the addition of the environmental objective and look forward to participating in the development of the relevant application guidelines.

Regulatory Test

Second, while we support the changes designed to bring greater transparency and efficiency to new investment decision-making, we do not think they go far enough. What is required is an obligation in the Access Code for covered networks to proceed with the innovative, least-cost, technically feasible solution revealed through the New Facilities Investment Test (NFIT), including procuring that solution through a commercial arrangement (likely modelled on the Alternative Option Service contract) with the non-network service proponent as appropriate.

Priority projects

In addition, the proposal to exempt priority projects from the application of the NFIT regulatory test should be strictly conditional on the Authority reviewing and being satisfied that the proposed project is:

- so urgent that not undertaking it would involve such a serious risk to meeting the Access Code Objective that justified not undertaking the NFIT as normal and
- the proposed solution prima facie meets the requirements of being technically feasible and economically efficient.

Multi-function assets

Finally, we are significantly concerned with the proposed ability of covered networks to provide unregulated services using multi-function assets without sufficient safeguards against cross-subsidising those activities using regulated service revenues. This is an area where the proposed protections fall short of those that apply in the NEM. Indeed, the Paper doesn't demonstrate that there has been a market failure in the provision of market and other unregulated services that would make the proposed change appropriate. On the basis that it can be shown that the issue is in fact genuine and the remedy proportionate, the Code should also mandate strict NEM-type ring-fencing guidelines to ensure that competition is promoted as far as possible rather than weakened.

Stand Alone Power Systems

The same logic applies to the provision of Stand Alone Power Systems (SAPS). Incumbent networks should not have an ongoing monopoly in the provision of these services. Rather, they should be required to undertake the NFIT and, if a non-network option is the most economically efficient, then the relevant provider should proceed with it.

Please feel free to contact [REDACTED]
[REDACTED]

Yours faithfully

[REDACTED]
[REDACTED]
[REDACTED]