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Via email: [energymarkets@energy.wa.gov.au](mailto:energymarkets@energy.wa.gov.au)

Dear Ms Ryan

**RE: Submission to Energy and Governance Legislation Reform discussion paper**

Thank you for the opportunity to provide input to the Energy and Governance Legislation Reform (the reform).

Collgar Wind Farm (Collgar) supports the intent of the reform to rationalise, simplify, enhance and modernise the regulatory framework governing electricity supply in the South West Interconnected System (SWIS) including for the Wholesale Electricity Market (WEM).

The existing regulatory framework is very complex and fragmented across many instruments. The rapid and acute changes in the way energy is generated and consumed and other technological advancements mean the framework is no longer fit for purpose. Collgar acknowledges that multiple regulatory instruments cannot be amended in an agile way and there is risk that any amendments lead to inconsistencies and contradictory obligations, creating risk and uncertainty for stakeholders. Together, this impedes innovation and investment, and hence has a negative effect on market and power system security outcomes.

Collgar supports the view outlined in the consultation paper that a consolidated regulatory instrument would provide a foundation for more agile and consistent framework that is fit for purpose and is more accessible and easily understood by stakeholders.

The effectiveness of this foundation to achieve the reform objectives will depend on the content of the single instrument. It is imperative that there are open and transparent consultation processes for all policy and procedural content. The approach undertaken by the Energy Transformation Taskforce is a good example of such transparency.

This approach could be further enhanced by providing additional time for stakeholders to consider proposals, and for this to occur in the policy development stage prior to amending rules being prepared. This recognises the complex nature of the WEM and the SWIS, the

many competing priorities for stakeholders (including implementation of WEM reform and the upcoming Reserve Capacity Mechanism (RCM) review), and that it is more efficient to gain alignment early in the process prior to time and resources being consumed on detailed drafting.

Based on the information in the consultation paper, Collgar has the following preliminary comments on the content of the proposed Energy Rules – Western Australia (ER-WA):

- **Overarching objective:** The overarching objective ought to include creating a competitive market environment. This reflects that the other aspects of the objective can be achieved by having a regulatory and policy environment that promotes efficient investment in, and use of, generation and other infrastructure. The WEM reforms provide a foundation for this (albeit some refinements are likely needed), however it is important that future policy decisions and regulatory frameworks continue to support competition. It may also be necessary to have secondary objectives, that align with the primary objective, for relevant chapters of the ER-WA.
- **Contestability definition:** Any change to the contestability threshold is a substantial reform and ought to have an extensive consultation process. The policy intent behind the proposal to amend the definition of contestability to refer to supply point rather than customer is unclear. Collgar's understanding of the intent behind the current contestability arrangements is to protect small-user customers. Given this, it is unclear why supply being through a single or multiple connection points affects a customer's ability to individually negotiate with a retailer. It is also unclear how many customers would no longer be contestable under the proposed approach and whether there would be grandfathering arrangements in place. Collgar acknowledges it is early in the consultation process and looks forward to further discussions on contestability throughout the reform project.
- **Coordination of expenditure:** The ER-WA provides an opportunity to better coordinate expenditure across organisations within the sector, in particular AEMO and Western Power. This can support implementation of the most cost effective, least-regrets options that takes into consideration the costs borne across the sector, not just the individual entity. This will add to amendments to the Electricity Industry Access Code 2004 (Access Code) already in place.
- **Market fees:** Market Fees have trended upwards and are expected to increase substantially over the Allowable Revenue 6 (AR6) period. It is foreseeable that the Coordinator of Energy and Economic Regulation Authority fee components also increase as they take on additional functions. In principle, having a single ER-WA ought to consolidate responsibilities and decrease duplication, and therefore decrease Market Fees. This could however be offset by functions not currently funded by Market Participants being included in the ER-WA and adding to market costs. Any proposal to increase the scope of industry-funded functions ought to be consulted on in detail with the sector.

Collgar also notes there is a very ambitious timeline for development of the ER-WA given the volume and complexity of its proposed contents. Although Energy Policy WA (EPWA) outlined that much of the content has been, or will be, developed through alternative processes, it is foreseeable that when instruments are brought together additional inconsistencies and consolidation challenges arise. Further, there are substantial components of reform that are yet to undergo detailed design consultation, including contestability policy and frameworks for

a Distribution Services Market. Given this, Collgar encourages EPWA to consider a longer project timeframe to allow for more detailed consideration of policy matters and longer consultation periods for Market Participants.

Collgar looks forward to continuing to participate in consultation processes and is available to meet to discuss the above in more detail if required.

Yours sincerely



REBECCA WHITE

REGULATORY AND TRADING MANAGER