



Government of Western Australia
Energy Policy WA

Energy and Governance Legislation Reform - Update 'Project Eagle'

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Working together for a
brighter energy future.

Acknowledgement of Country



Housekeeping

Ground rules and virtual meeting protocols

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- Please keep comments and questions relevant to the topic of the meeting.
- You can email questions or comments to EPWA-info@dmirs.wa.gov.au after the meeting.
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- Please state your name and organisation when you ask a question to assist with meeting minutes.
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Agenda

1. 'Project Eagle' Background & the Energy Transformation - Aden Barker

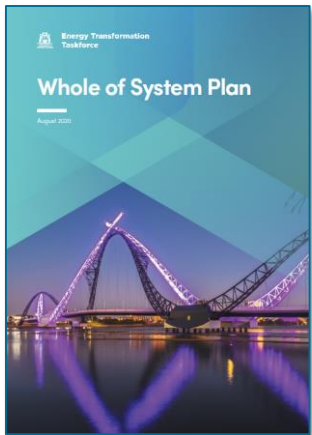
2. Update on Project Eagle scope and implementation - Kieran Rayney

3. Questions

The journey so far ...

The energy sector is transforming rapidly, with the ongoing uptake of intermittent generation (small and large) and the opportunities and challenges it presents

Energy Transformation Strategy Stage 1: 2019-2021



Responded to the challenge of the transformation by developing:

- New Wholesale Market and Access arrangements
- Distributed Energy Resource (DER) Roadmap
- Whole of System Plan (WOSP)

Since mid-2021

- Rooftop solar growth remains strong; minimum demand continues to decrease
- In 2021 the minimum was 761MW, in 2022 we reached a new low of 626MW
- Management of the power system is becoming more complex and challenging, and emerging challenges require ongoing response

Energy Transformation Strategy Stage 2: 2021-2025

- The Energy Transformation Strategy Stage 2 (ETS 2) builds on the initiatives of the ETS
- Continues the transition of the power system
- Manages emerging risks to power system security and reliability

Four themes of ETS 2 – released in July 2021

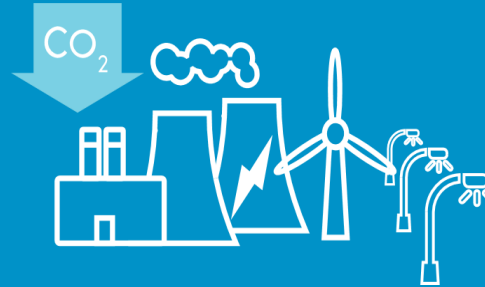
Implementing Taskforce decisions



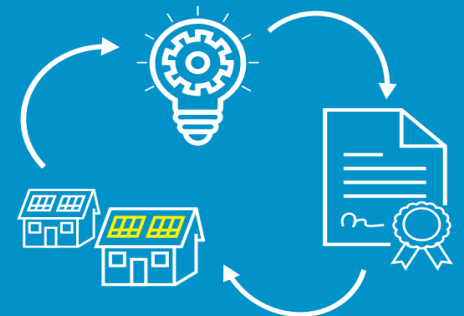
Integrating new technology into the power system



Keeping the lights on as the power system transitions



Regulating for the future



‘Project Eagle’ Legislative Amendments:

Consultation Paper – October 2021

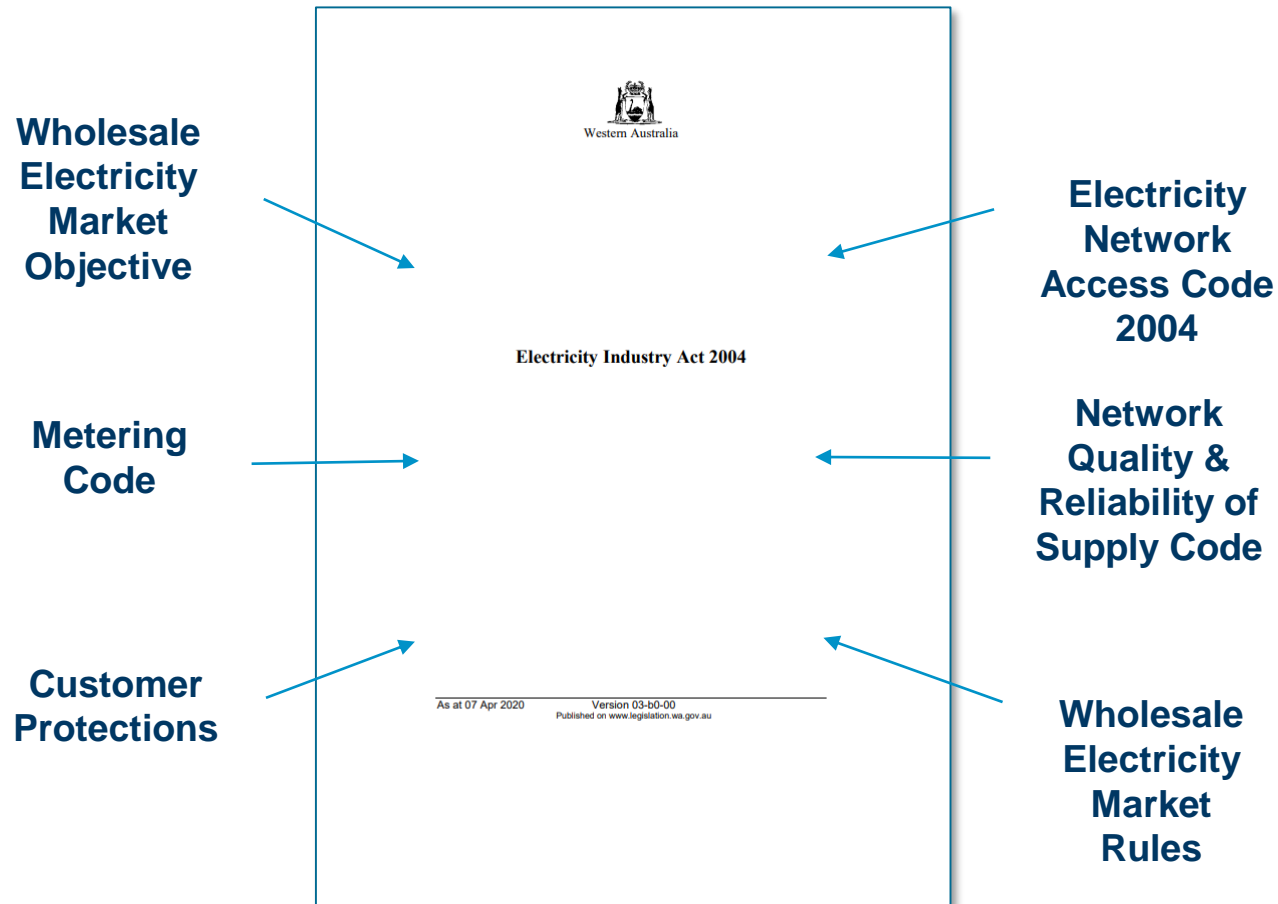
- Consultation Paper set-out scope of ‘Project Eagle’ - amending legislation to *enable* ETS Stage 2 and other reforms

But first

- Project Eagle does not set detailed policy positions or involve regulatory drafting
- Following legislative amendment: extensive and consultative work program – policy development and instrument drafting
- An Information Paper outlining the details of Project Eagle will be released shortly, covering information covered in this presentation



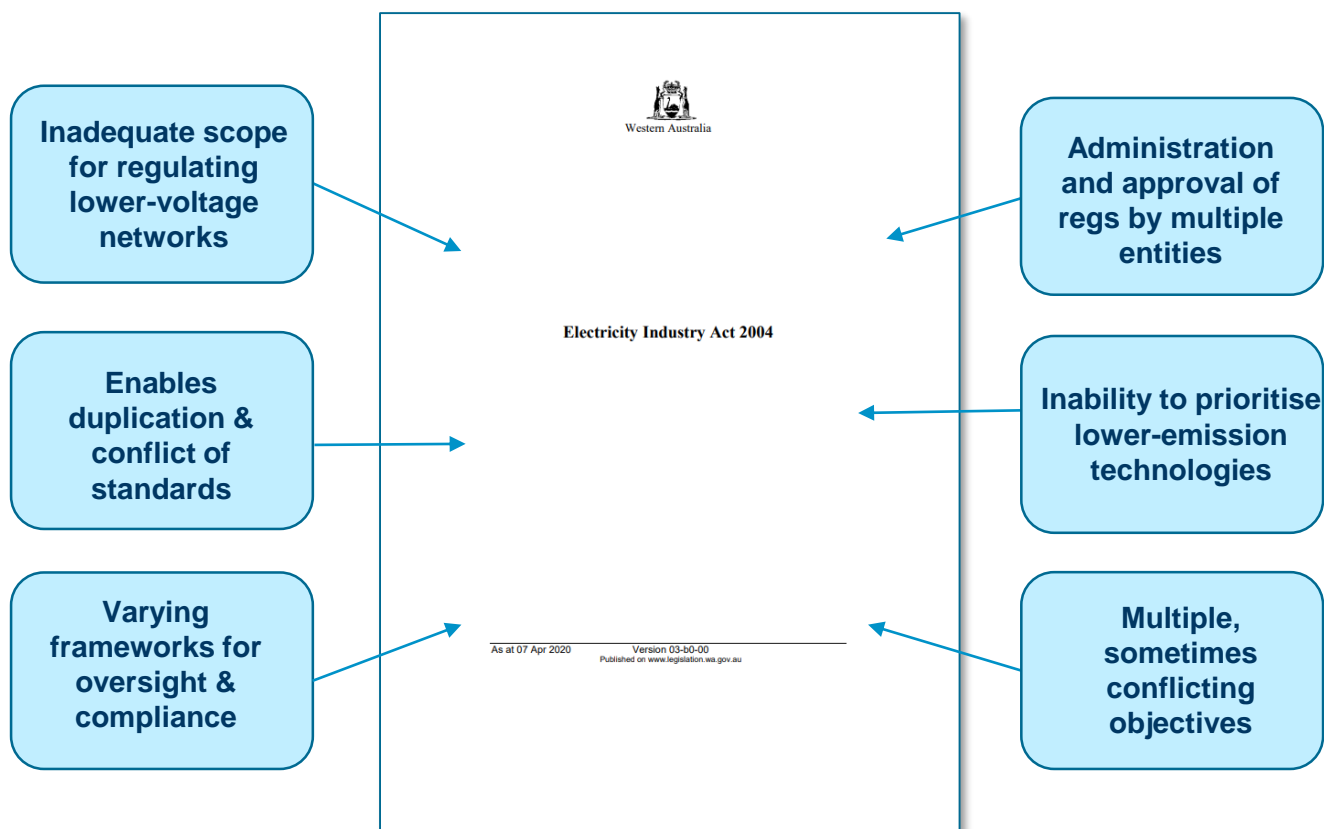
The Electricity Industry Act 2004



The Electricity Industry Act 2004:

- 20-years-old – different context
- Empowers more detailed regulations, rules and codes
- Subordinate instruments have varying heads of power, objectives, and change processes
- Primary Legislation powerful, but difficult to amend

20 years on, how's it playing out?



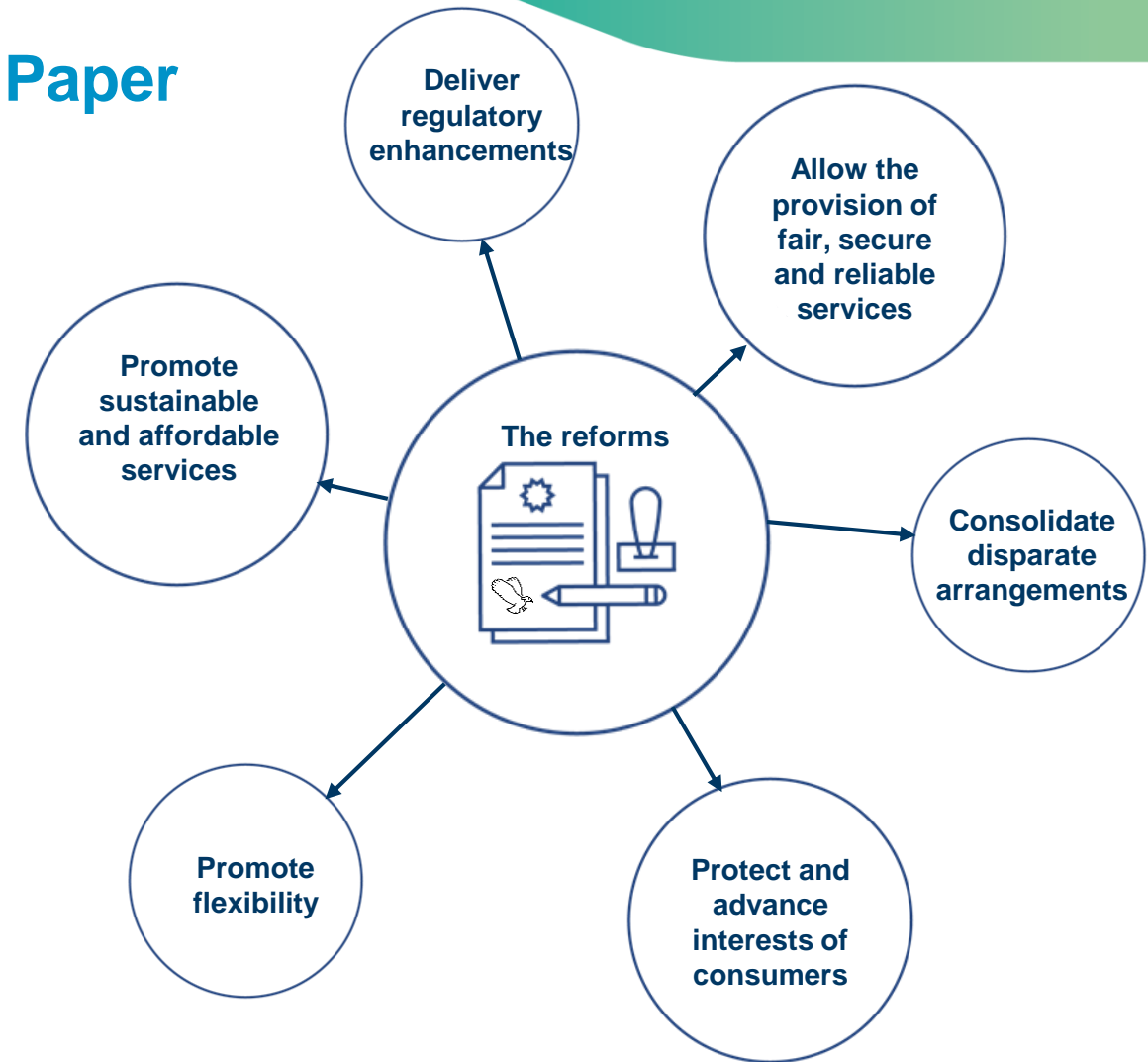
Examples of current regulatory limitations:

- **Managing DER and distribution network connections** DER is contributing to power system risks, but limited standards apply – the ability to regulate and manage DER essential to the efficient and safe operation of the power system.
- **Maintaining power system security and reliability** Existing framework is spread across disparate instruments, administered and approved by different entities – no end-to-end, consistent PSSR standards.
- **Facilitating efficient investment and integration for lower-emissions technologies** Multiple, conflicting objectives across instruments limit effective outcomes and flexibility to encourage lower-emission technologies.

Principles of reform

As outlined in the Oct 2021 Consultation Paper

- **Project Eagle addresses these limitations, focusing on reliability, affordability, and lower emissions**
- **Focus: enable regulatory frameworks that effectively protect and advance the interests of energy consumers**
- **Reforms consider current and emerging issues and allow flexibility for the future**
- **Consolidation of current fragmented regulatory instruments and consolidation within the WEM Rules**



Stakeholder consultation - Oct 2021



Timeframes for delivery and consultation of reforms



Query establishment of new Energy Code – “Big Bang”



Advisory panels to provide expertise and transparency



Stakeholder positions on Government policy settings (out of scope)



Recovery of implementation costs – who pays?



What's happened over the last 12 months?

Implementation of ETS and regulatory processes have informed revised scope

Emergency Solar Management

AEMO Allowable Revenue Approval

Implementation of New
WEM arrangements

Progress of DER Roadmap
implementation

Review of the Reserve Capacity
Mechanism

Western Power's Technical Rules
Review

Alternative Electricity Services (AES)
Framework

Agenda

Background and the Transformation - Aden Barker

Update on Project Eagle scope and implementation - Kieran Rayney

Questions

Revised scope of the reforms

1. A new, overarching Objective

- Overarching theme for the EI Act and subsidiary instruments
- Focus on promoting long-term interests of consumers in an affordable manner in:
 - Reliable supply
 - Reduction in greenhouse gas emissions
- This will enable differential treatment of technologies

Revised scope of the reforms

2. Expanding the scope of the WEM Rules

**Electricity
Networks Access
Code 2004**

Made under Part 8
of the EI Act

**Western Power's
Technical Rules**

Made under the
Access Code

**Electricity Industry
(Metering) Code
2012**

Made under Part 2 of
the EI Act

***Electricity Act*
1945**

Provisions relating to
network voltage and
frequency limits

**Electricity
Industry (NQRS)
Code 2005**

Made under Part 2 of
the EI Act

- Allowing WEM Rules to address matters currently dealt with in other instruments
- Importing these instruments will happen through deliberate, consultative process – with transitional arrangements
- Consolidate, rationalise and improve existing provisions

Revised scope of the reforms

3. Improving arrangements to address new subject matter

- Enabling the WEM Rules to address matters not adequately dealt with under existing instruments
- Changes to EI Act will include new heads of power to deal with DER and distribution network connections – permitting the management of DER
- Definitions of embedded networks and microgrids to be included

Revised scope of the reforms

1. A new, overarching Objective

Overarching theme for the EI Act and subsidiary instruments
Enables differential treatment of technologies

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3. Improving arrangements to address new subject matter

Enabling WEM Rules to address matters not adequately dealt with under existing instruments

Implementation

Phased approach

- Energy Policy WA will employ a phased approach to reforms through to 2025-2026
 - The most critical changes to instruments will be progressed first:
 1. Lower-voltage distribution network and DER integration
 2. Power System Security and Reliability
 3. Other enhancements and modifications
- } progressed in parallel

Consultation

- Phased approach will allow for comprehensive consultation with stakeholders
- Critical changes to instruments will be progressed first

Progressive implementation

- Drafting of legislative amendments to EI Act and then other instruments
- Changes to WEM Rules will require endorsement by the Minister for Energy – process to come

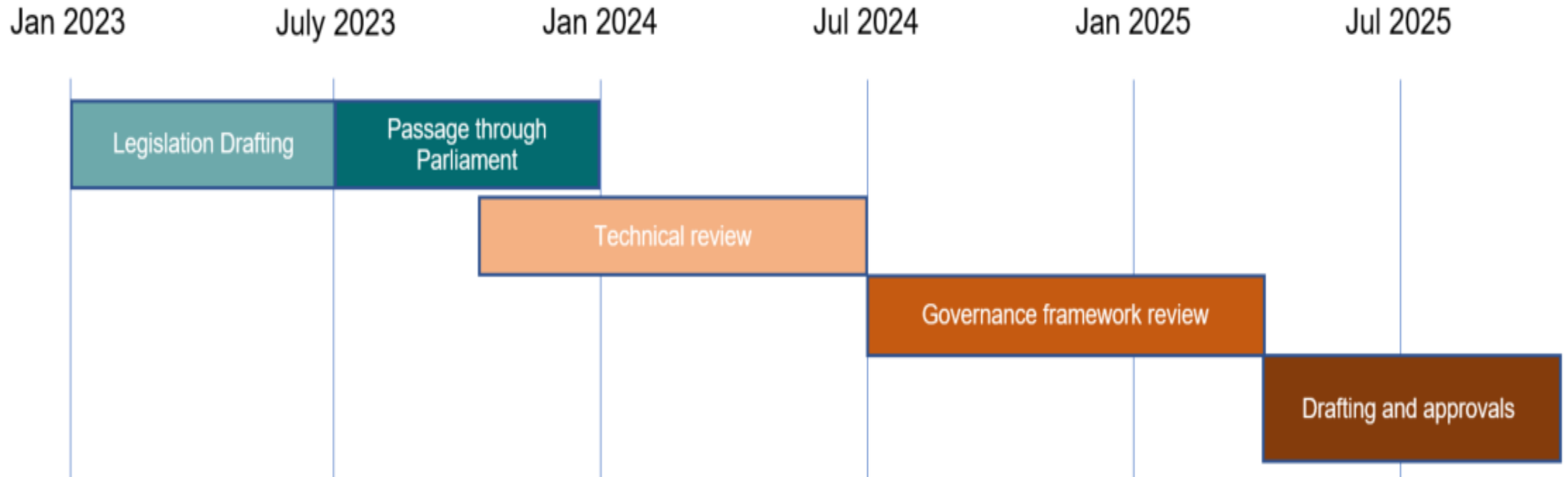
Distribution network and DER

Implementation

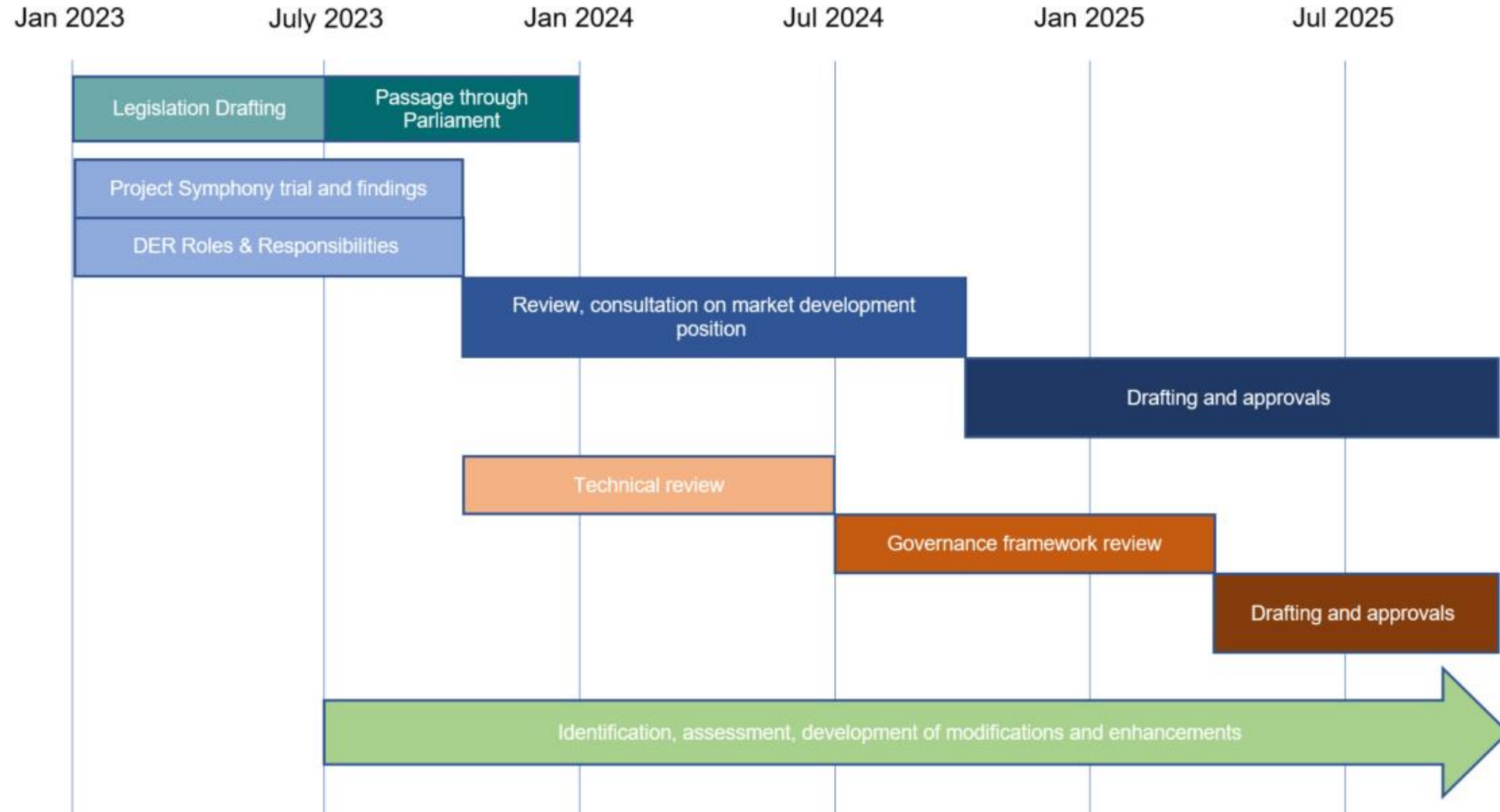


Power System Security and Reliability

Implementation



Implementation



Next steps

Update

- We will provide an update at the time of the introduction of the amending bill to Parliament (anticipated to occur in the second half of 2023)
- This update will include further detail on implementation timeframes and stakeholder engagement

More information

- The slides from today's session will be available on our website
- An Information Paper will be released in mid-December
- Contact EPWA-info@dmirs.wa.gov.au

Questions