



Electricity Industry Amendment Bill

Consultation on the proposed State Electricity Objective

This document contains proposed drafting for a new State Electricity Objective (SEO), planned for inclusion in the *Electricity Industry Act 2004* (the Act).

Rationale and intent

The Western Australian Government has approved the drafting of an objective to be included within the Act as part of the changes being progressed under the [Energy and Governance Legislation Reforms](#) (also known as “Project Eagle”).

These reforms are focused on introducing enabling amendments to the Act and other legal instruments (including subsidiary legislative instruments under the Act) to progress the [Energy Transformation Strategy Stage 2: 2021-2025](#) (ETS Stage 2).

The introduction of a SEO is intended to resolve the current problem of having separate, but overlapping and inconsistent objectives across multiple legal instruments governing the electricity industry in Western Australia. The proposed SEO provides a consistent, overarching objective for the State’s electricity regulatory framework.

In addition to promoting consistency across the regulatory framework for electricity, the proposed SEO is intended to result in a reduction of barriers to the timely and efficient investment in lower-emission technologies while retaining a focus on the long-term interests of consumers with respect to the price, reliability, security and safety of electricity.

The proposed SEO achieves this by:

- providing an overarching, unifying objective for the Act and its subsidiary instruments;
- replacing existing objectives of instruments under the Act’s current framework including the Wholesale Electricity Market (WEM) objectives (Section 122(2) of the Act), the Pilbara electricity objective (Section 119(2) of the Act), and the ‘Code objective’ within the Electricity Network Access Code 2004 (Section 2.1), made under the Act; and
- allowing for the consideration of the environment, including the reduction of greenhouse gas emissions, when implementing or amending subsidiary instruments empowered by the Act, alongside other objectives, such as security, safety, reliability, and price.

The proposed SEO reflects the need for decision makers with obligations or powers under the Act or its subsidiary instruments to consider the “energy trilemma” of reliability, affordability and sustainability, in making decisions regarding the investment, operation and use of electricity services.

The three limbs of the SEO

The proposed SEO is to “promote efficient investment in, and efficient operation and use of, electricity services” for the long-term interests of consumers of electricity in relation to:

- quality, safety and reliability of supply of electricity; and
- price; and
- the environment, including the reduction in greenhouse gas emissions.

The inclusion of these three limbs of equal precedence allows flexibility for decision makers to promote the long-term interests of electricity consumers as the needs of consumers and the electricity industry evolve.

The inclusion of *the environment* in the SEO contemplates environmental outcomes that may not be limited only to the emission of greenhouse gases. This environmental objective also closely aligns with [the approach for the revised National Energy Objective](#) (NEO) currently under consideration for the National Electricity Market.

The use of the term *electricity services* in the SEO, rather than the narrower concept of *supply of electricity* has been proposed in order to provide a view of the full range of services that are necessary or incidental to the supply of electricity for consumers. The use of the defined term *electricity services*, which refers to the generation of electricity, services provided in connection with an electricity network, and the sale of electricity, is also more closely aligned with the NEO. This approach also better reflects the rapid transition of the energy sector and the evolution of technologies and services, such as those relating to Distributed Energy Resources (DER) and the provision of bi-directional energy services by customers, retailers, and third-party service providers.

It is proposed to also apply the SEO to Part 8A of the Act (superseding the Pilbara electricity objective). The application of the SEO to Part 8A reflects the increasing prominence of environmental or emissions reduction considerations in the Pilbara and the potential benefits of a unified SEO being applicable to the entire legal framework governing electricity services in Western Australia.

No retrospective application of SEO

The SEO will not operate retrospectively or affect historical decisions made regarding the operation of the Act or subsidiary instruments made under the Act (such as, but not limited to the WEM Rules, Pilbara Networks Access Code, or Electricity Network Access Code 2004). It will operate in relation to functions carried out on or after the date of commencement of the SEO, to be defined in an Amending Bill expected to be introduced to Parliament later in 2023.

Transitional provisions, including continuation of historically active objectives, will be considered as part of the implementation of ETS Stage 2 and changes to subsidiary instruments.

Consultation

The opportunity to provide feedback on the draft SEO (below) is the next phase of ongoing consultation on the reforms being progressed through Project Eagle.

Information on public consultation for the reforms to date (including previous consultation and information papers) is available [on Energy Policy WA’s \(EPWA\) website](#). EPWA will continue to engage on the ongoing implementation of reforms progressed under Project Eagle and ETS Stage 2, including through release of information papers and meetings of the [Transformation Design and Operation Working Group](#).

EPWA is seeking stakeholder feedback on the proposed SEO by **5:00 PM (AWST) on 10 March 2023**. Feedback can be sent to EPWA-info@dmirs.wa.gov.au.

Draft State Electricity Objective (SEO)

- (1) The objective of this Act is to promote efficient investment in, and efficient operation and use of, electricity services for the long-term interests of consumers of electricity in relation to —
 - (a) the quality, safety and reliability of supply of electricity; and
 - (b) the price of electricity; and
 - (c) the environment, including reducing greenhouse gas emissions.
- (2) The Minister, the Authority, the Coordinator and the Board must have regard to the State electricity objective in carrying out a function under this Act.
- (3) For the purposes of subsection (2), the Minister, the Authority, the Coordinator or the Board may give the weight to any aspect of the State electricity objective that the Minister, the Authority, the Coordinator or the Board considers appropriate in all the circumstances.
- (4) In subsection (1) —
electricity services means services that are necessary or incidental to the supply of electricity to consumers of electricity, including—
 - (a) the generation of electricity; and
 - (b) services provided by means of, or in connection with, an electricity network; and
 - (c) the sale of electricity.