

Our ref: 63046179
Contact: Matt Veryard, 9326 4898

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Jai Thomas
Energy Policy WA
Sent via: EPWA-info@dmirs.wa.gov.au

Dear Jai

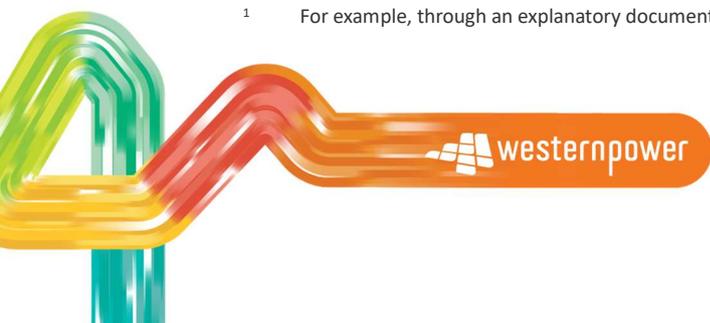
Consultation on the proposed State Electricity Objective

Thank you for the opportunity to provide feedback on the proposed State Electricity Objective (SEO) to be included within the Electricity Industry Act 2004. Western Power is supportive of the intention of providing a single objective to remove duplication and potential conflicting objectives across the regulatory instruments.

Our feedback relates to the practical implementation of the proposed SEO and whether the SEO applies to certain aspects of the energy industry:

- **SEO subclause (3):** There is likely to be tension between the three limbs of the SEO. Western Power is of the view that some form of guidance¹ should be provided to all users of the SEO (both regulators and regulated entities) as to how the three limbs interact and can be balanced against each other. For example, as industry decarbonises there is clearly a large role to play for renewable energy providers, however there may potentially need to be temporary increases in the use of gas fired generation as a transitional measure – this would place the environmental limb in conflict with the reliability of supply limb.
- **SEO subclauses (1):** The reference to ‘environment’ in subclause(1)(c) does not provide clarity on which element of the environment is to be considered. It is unclear whether considerations of the environment include: (i) the transition from core industry to the electrification of their operations; or (ii) land use required to facilitate decarbonisation. These aspects have the potential to cause an increase in greenhouse gas emissions from electricity services but will reduce net greenhouse gas emissions in the broader economy.
- **SEO subclauses (1):** Western Power recommends that consideration should be given as to whether the reference to ‘efficient’ in the proposed SEO is still the right aim. Western Power suggests the term ‘effective’ is a more appropriate term to recognise the required trade-offs that need to be made that deliver customer outcomes in the longer term.

¹ For example, through an explanatory document on the Energy Policy WA website



363 Wellington Street Perth 6000
GPO Box L921 Perth WA 6842
westernpower.com.au



† 13 10 87
f (08) 9225 2660
TTY 1800 13 13 51
TIS 13 14 50

Electricity Networks Corporation
ABN: 18 540 492 861

- **SEO subclause (1)(a):** Western Power is of the view that the term ‘security’ should be included in the first limb (‘quality, safety, **security** and reliability...’) as, while it may be considered an input to the outcome of reliability it is a distinct requirement from the other terms and is ultimately a goal of a well-functioning electricity system. A potential option to resolve this is to define what is meant by reliability which would also address whether related topics such as security and resilience are intended.

Western Power understands the impact of climate change on the network (eg: cyclone impact) is a subset of reliability impact rather than environmental impact as per SEO subclauses (1)(a).

- **SEO subclause (4(a)):** Part (a) of the proposed definition for ‘*electricity services*’ references the generation of electricity. Given the increased role for electricity storage in the future, this should be changed to ‘generation and storage’ of electricity. This addition will be important to allow decision makers and regulated entities to consider the improvements to the quality, reliability and security of the supply of electricity, against the additional costs required to store electricity.
- **SEO subclause (4):** It is not clear on the current definition whether the term ‘*electricity services*’ includes consideration of embedded networks and ‘behind the meter’ infrastructure and therefore whether the SEO applies to these activities. Western Power believes there is value in clarifying the application of the SEO to these activities on the basis that these activities contribute to the safety and quality of the supply of electricity.

If you require further information about this submission, please contact Matt Veryard on 9326 4898.

Yours sincerely

Zahra Jabiri

Head of Regulation and Investment Assurance