



INFORMATION

Improving access to Western Power's network

Publication of Consultation Papers

The Public Utilities Office is publishing three consultation papers relating to the implementation of a constrained network access regime for Western Power's network.

An overview of each consultation paper is provided below along with the proposed timing to implement a constrained network access regime.

Background

On 23 August 2017, the Minister for Energy announced that legislation would be introduced into Parliament in 2018 to adopt a framework of constrained access to Western Power's electricity network. Implementing constrained access will require changes to the network connections and access regime applying to Western Power, as well as changes to Wholesale Electricity Market arrangements (including the Reserve Capacity Mechanism). The Public Utilities Office is consulting on the proposed changes and the outcomes of the consultation process will inform advice to Government on implementation issues, the need for transitional arrangements for industry, and legislative requirements.

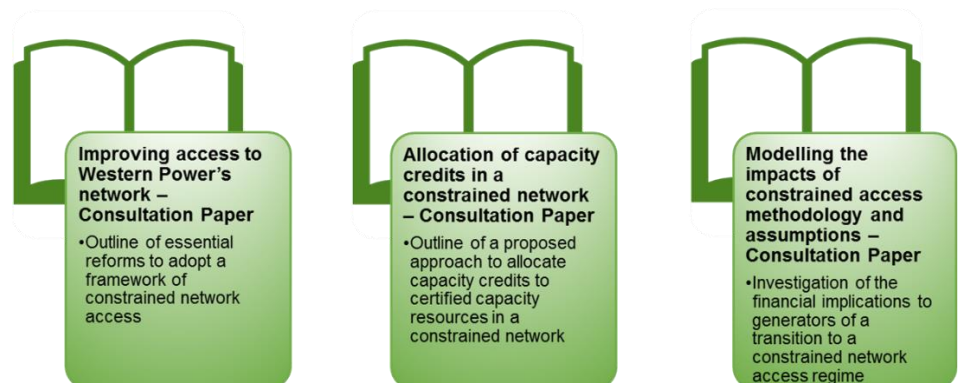
Overview of the consultation papers

Consultation is occurring through three separate but complementary papers.

The first paper seeks feedback on the essential reforms to implement constrained access, focusing on Western Power's network connections and access framework.

The second paper seeks feedback on the proposed approach to allocate capacity credits to certified capacity resources through the Reserve Capacity Mechanism.

The third paper seeks feedback on the methodology, data and assumptions that will be used to estimate the impact of constrained access on generators.



Improving access to Western Power's network – consultation paper

The main changes to the network connections and access framework centre on creating a level playing field so that generators participating in the Wholesale Electricity Market have equal access to the network. This will have implications for network access contracts, specifically terms and conditions which are inconsistent with constrained access. Changes to the various instruments that comprise the connections and access framework may also be necessary.

Some generators may be financially worse off under the reforms. Should Government decide to provide transitional assistance, the paper seeks feedback on a high level design for a delivery mechanism, with detailed design to occur once a decision is made. The paper also outlines measures to provide Western Power with contractual certainty and to limit its exposure to claims.

Changes to Wholesale Electricity Market arrangements to support and deliver the benefits of constrained access have previously been consulted on, and are presented in this paper for completeness.

Modelling the impacts of constrained access: methodology and assumptions – consultation paper

To inform a Government decision on the need for transitional assistance, the Public Utilities Office is investigating the impacts of constrained access on generators. This analysis involves electricity market modelling that quantifies potential changes and trends to generator dispatch outcomes and revenue projections.

This paper describes the methodology, data, and assumptions underpinning the model, with modelling outcomes reported by mid-2018.

Allocation of capacity credits in a constrained network – consultation paper

The current method for allocating capacity credits to certified capacity resources is not suitable for a constrained access environment and could lead to inefficient outcomes by incentivising capacity to locate in constrained areas of the network. This paper proposes a new method for assigning capacity credits, including where several facilities are located behind a network constraint. The new arrangement seeks to promote more efficient investment signals whilst retaining the single market-wide capacity price.

Next steps

The three consultation papers will be published progressively during February 2018. Please refer to the consultation papers for details on how to make a submission.

An industry forum will be held during the week commencing 12 March 2018 to provide industry with an opportunity to discuss the proposed reforms before making their submissions.

Submissions can be emailed to PUOSubmissions@treasury.wa.gov.au.

16 February 2018

Expected timeframes for the reform elements

