



Consultation Paper

Supply Reliability Arrangements in North Country and Eastern Goldfields

August 2021

Background

On 1 October 2018, an amendment to the *Electricity Industry (Network Quality and Reliability of Supply Code) 2005 (NQRS Code)* came into effect requiring Western Power to maintain temporary supply reliability standards for the North Country and Eastern Goldfields regions until 30 September 2023.

This amendment enabled Western Power to procure Network Control Services to provide supply reliability during planned and unplanned outages of any transmission network element in those regions. Western Power signed two contracts with Synergy for the provision of Network Control Services from Synergy's Mungarra and West Kalgoorlie gas turbines with an expiry date of 30 September 2022 and a potential to extend the contract term for another 12 months until 30 September 2023.

The contracts enable Western Power to maintain supply to essential loads such as hospitals and railways, and the majority of small use customers during a planned or unplanned outage affecting the transmission network and the reliability of supply to the North Country and Eastern Goldfields regions.

Since the contracts commenced, the Mungarra gas turbines have assisted reliability in the North Country region during five planned outages and three unplanned outages. The Mungarra facilities also supported supply restoration and reliability following the Cyclone Seroja event in April 2021.

The West Kalgoorlie gas turbines have assisted reliability in the Eastern Goldfields region during seven planned outages and one unplanned outage of the 220kV transmission line.

The issue

On 14 May 2021, the Energy Transformation Taskforce published a Taskforce Paper outlining a framework for Non-Cooptimised Essential System Services (NCESS)¹. This framework will enable Western Power to procure alternative non-network services to support network security and reliability. When implemented in the Wholesale Electricity Market Rules (WEM Rules), this framework will replace the existing concepts and obligations related to Network Control Services.

Energy Policy WA is progressing the rules for the NCESS framework with an expected commencement date in early 2022. However, the current arrangements need to be maintained to ensure supply reliability beyond 2023 as procurement and delivery of alternative services under the new arrangements is unlikely to be completed before the current contact end date.

If the temporary reliability obligation in the NQRS Code is not extended, Western Power will have no regulatory obligation to maintain supply reliability in these regions during planned or unplanned outages affecting its transmission network. The lack of a regulatory requirement also creates uncertainty around whether the Economic Regulation Authority would approve Western Power's related expenditure.

¹ The Taskforce Paper is available at: <https://www.wa.gov.au/sites/default/files/2021-05/Information%20Paper%20-%20Non-Cooptimised%20Essential%20System%20Services%20.pdf>

The proposed solution

Energy Policy WA proposes to extend the temporary reliability obligation on Western Power by amending clause 13A of the NQRS Code. The amendment will extend the temporary reliability obligation for North Country and Eastern Goldfields by five years to 30 September 2028.

The five-year extension to the reliability obligation will enable the completion of a competitive procurement process by Western Power before the end of the current contract tenure, and allow for the design, construction, connection and commissioning of any new facilities.

In February 2021, Western Power released an expression of interest to provide at least 50 MW in North Country and at least 45 MW in the Eastern Goldfields to support reliability during planned and unplanned transmission outages. The expression of interest attracted four potential providers in North Country and five in the Eastern Goldfields. Western Power will be releasing a formal request for tender with a service specification in late August.

Diversifying the generation mix in these regions is not only important for maintaining supply reliability, but would also have the potential to unlock future system security and reliability services from new, more efficient technologies and business models.

Request for stakeholder input

Energy Policy WA is seeking stakeholder input on the proposed amendment to the NQRS Code (Attachment 1) by 5:00 PM on 30 August 2021. Feedback can be emailed to energymarkets@energy.wa.gov.au.

Any enquiries on this matter should be directed to Aditi Varma, Assistant Director - Wholesale Markets at Aditi.Varma@energy.wa.gov.au or (08) 6551 4756.

ELECTRICITY INDUSTRY ACT 2004

Electricity Industry (Network Quality and Reliability of Supply) Amendment Code 2018

Made by the Minister under section 39(2a)(a) of the Act.

1. Citation

This code is the *Electricity Industry (Network Quality and Reliability of Supply) Amendment Code 2021*.

2. Commencement

This code comes into operation on the day after the day it is published in the *Gazette*.

3. Code amended

This code amends the *Electricity Industry (Network Quality and Reliability of Supply) Code 2005*.

4. Section 13A(1) amended

Amend the date after “ending on” to 30 September 2028.

BILL JOHNSTON, Minister for Energy.
