



Government of Western Australia
Energy Policy WA

Energy and Governance Legislation Reform Project Eagle

Industry forum

20 October 2021

Working together for a
brighter energy future.

Agenda for today

10.00am	Welcome
10.05am	Energy Transformation Strategy 2021 to 2025 Kate Ryan
10.15am	Energy and Governance Legislation Reform Ashwin Raj
10.45am	Questions
11.00am	Forum close

This meeting is being recorded.

A copy of this presentation and the recording will be published.

Energy Transformation Strategy

Stage 2 – 2021 to 2025

Energy Transformation Strategy 2021-2025

Our initiatives over 2021 to 2025 have four distinct themes

1. Implementing taskforce decisions



Completing the work we have already started.

2. Integrating new technology



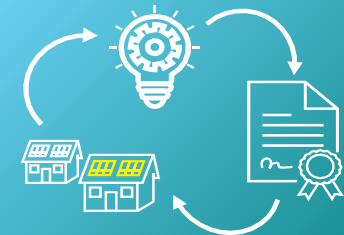
Continuing technology trials, preparing for EVs and developing new tariffs.

3. Keeping the lights on



Continuing the orderly transition away from coal while decarbonising our energy sector.

4. Regulating for the future



Establishing a governance framework that can keep pace with ongoing energy transition.

Previous governance reforms

Clarifying institutional roles

Responsiveness to change in the sector has been improved by clarifying the roles of existing energy institutions. From 1 July 2021:

Coordinator of Energy

- Policy development
- Market development
- Strategic planning
- Overall coordination of the energy sector

Economic Regulation Authority

- Economic regulation
- Price setting
- Licensing and compliance

Australian Energy Market Operator

- System operation
- Market operation
- Market administration

Energy and Governance Legislation Reform

Project Eagle

The energy transformation continues

But its pace and complexity is accelerating

Challenges remain

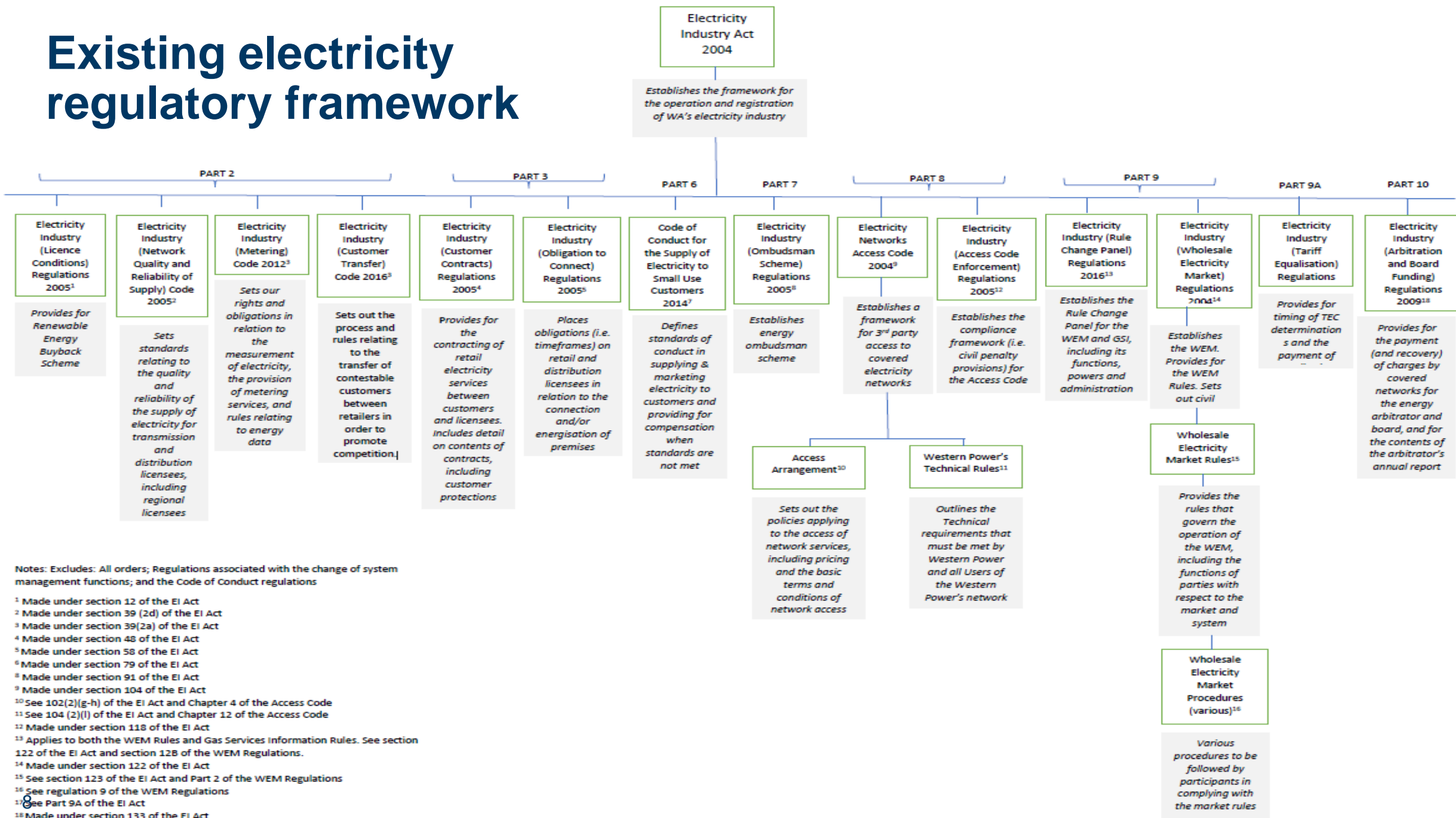
- **Falling daytime demand**
- **Two-way flows of power**

Opportunity beckons

- **New technologies**
- **New business models / services**

However, our regulatory framework cannot adapt and respond quickly and effectively to change

Existing electricity regulatory framework



Problems with our regulatory framework

Too many instruments. Regulatory barriers.

Fragmented regime

- Lengthy and complex
- Difficult to navigate
- Inconsistencies and overlaps

Change is not coordinated

Differences in:

- change processes
- decision makers
- objectives

Limitations in enabling powers

Difficult to develop appropriate regulatory responses to key issues

Energy and Governance Legislation Reform

Objectives of reform

A regulatory framework that ...

- Is agile and responsive to change
- Evolves in a coordinated fashion
- Reduces barriers to competition and innovation
- Is easy to navigate and understand

**Protect and advance
the interests of energy
consumers into the
future**

Addressing the problems

A centralised regulatory framework

- Consolidate the disparate regulatory arrangements governing electricity supply into a single instrument
- Provide an end-to-end governance framework that supports dynamic change management

Enhancements and modifications

- Modernise existing arrangements to make them fit-for-purpose in a rapidly changing environment
- Rationalise and abolish, where practical, elements that are no longer required or are out-of-date

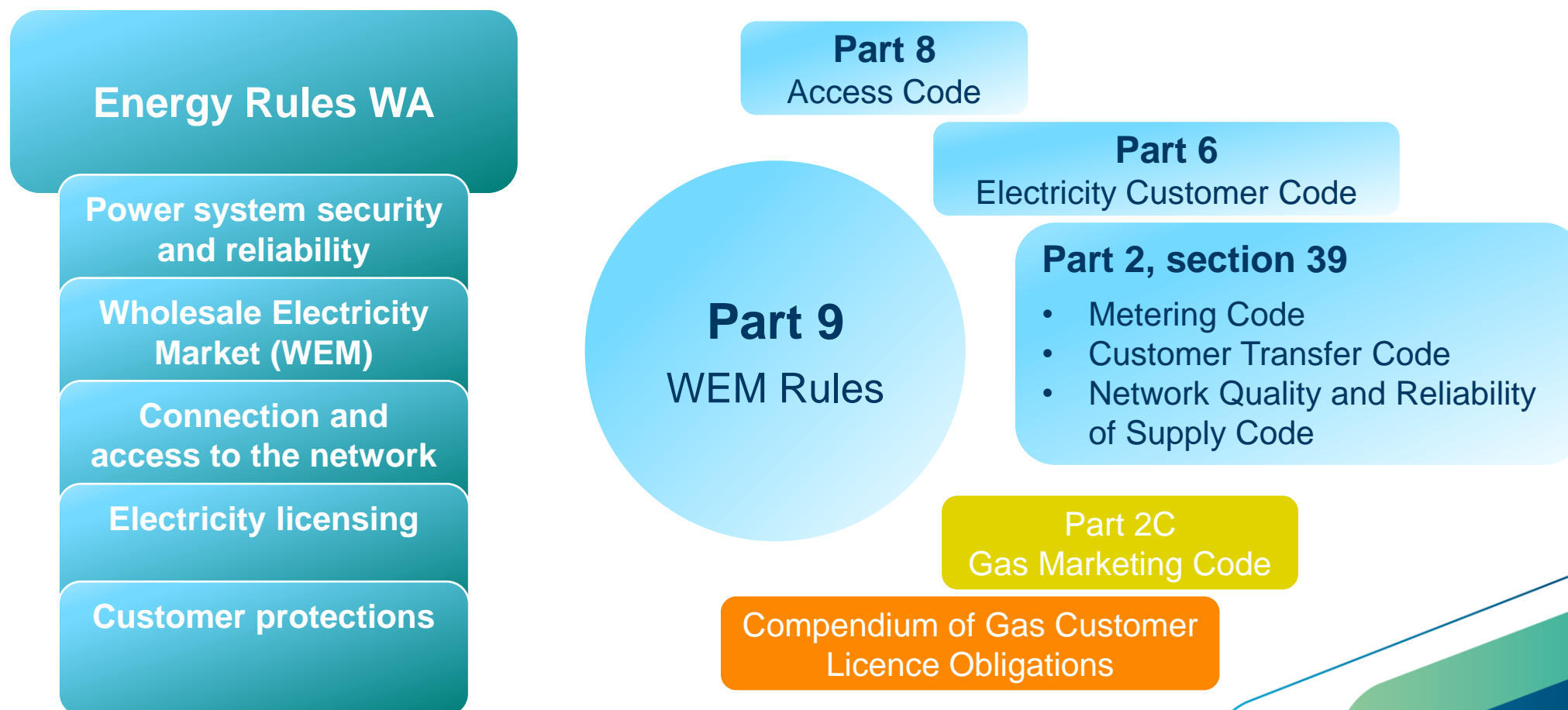
What's not in scope

This reform is, for the most part, concerned with improving the regulatory arrangements for electricity supply in the South West Interconnected System (SWIS)

- **Matters relating to gas are out of scope, with the exception of customer protections**
- **The Pilbara regime will remain separate, but the Pilbara Network Rules and Pilbara Network Access Code will be consolidated**
- **Other matters relating to the supply of electricity outside of the SWIS are not being considered at this stage**

Energy Rules – Western Australia

A centralised regulatory framework



Energy Rules – Western Australia

Implementation

- Expand scope of Part 9 of the EI Act
- Clarify the functions to be performed by institutional entities under the Energy Rules – Western Australia (ER-WA)
- Allow Coordinator of Energy to evolve and amend the ER-WA
- Provide for a fair, equitable, and simple approach to cost recovery for administering the ER-WA
- Maintain the ‘protected provisions’ mechanism
- Provide for the establishment of advisory committees
- Maintain framework for civil penalties and reviewable decisions
- Disapply tabling obligations

Reform content of existing instruments to create an accessible and agile system of rules that is easier to understand and navigate

Rationalise content to reduce volume

- Reduce unnecessary prescription
- Remove irrelevant / outdated information

Simplify content where possible

- Translate regulatory requirements into plain English
- Establish outcome-based regulation into new rule design

Enhancements and modifications

Overarching objective

- Interests of consumers
- Secure, reliable, affordable
- Reduces emissions

Enhancing the Coordinator's role

- Empowered and resourced
- Policy and technical reviews
- Market development and rule making

Improving compliance and enforcement

- Enhance ERA's powers to enforce compliance with the new framework

Energy buyback schemes

- Provide clearer regulatory obligations on Government Trading Enterprises

Retailer of last resort

- Improvements to the existing framework that provide ROLR for electricity and gas

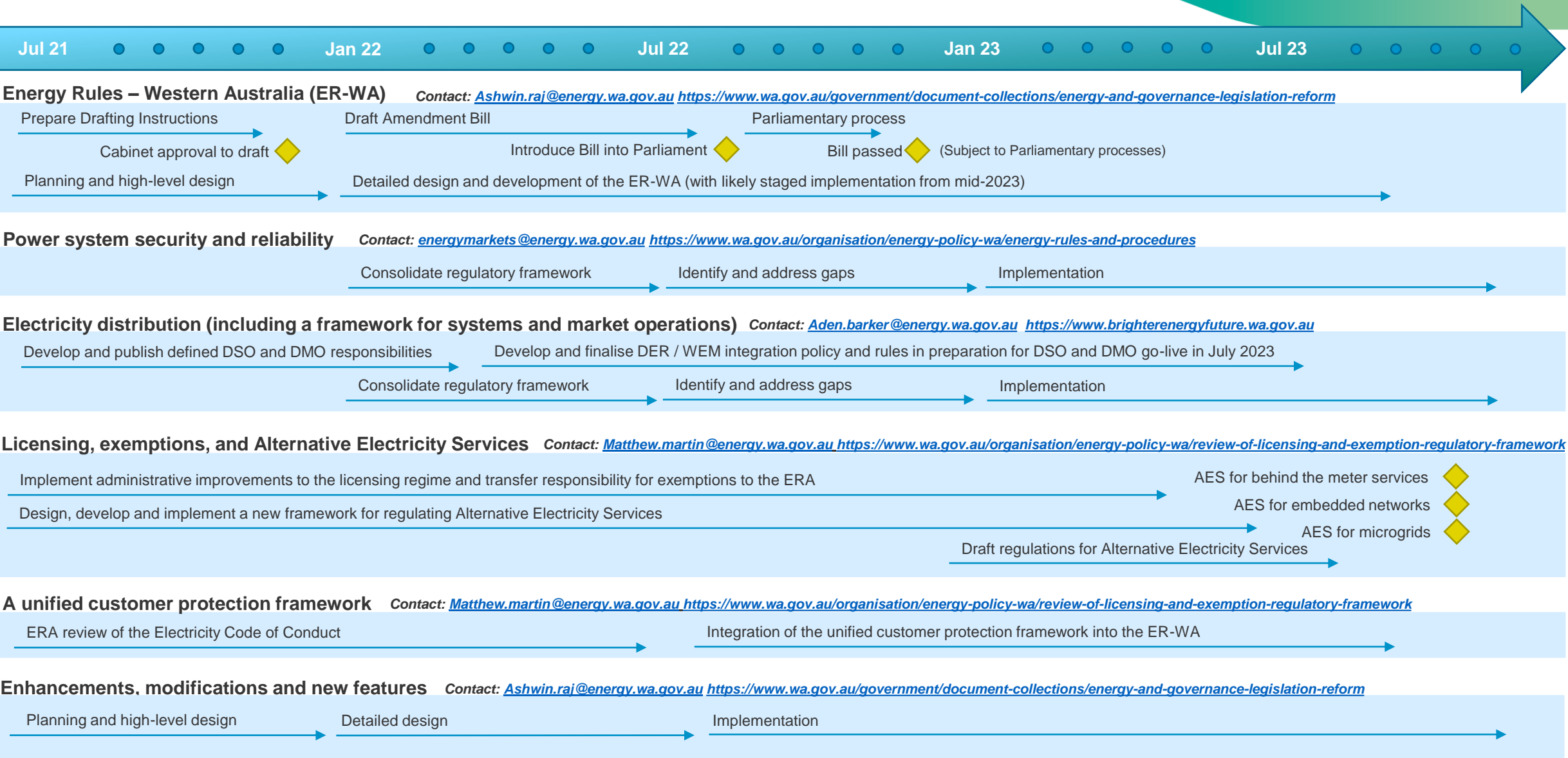
Dispute resolution framework

- Abolish the Energy Disputes Arbitrator
- Transfer Electricity Review Board functions to State Administrative Tribunal

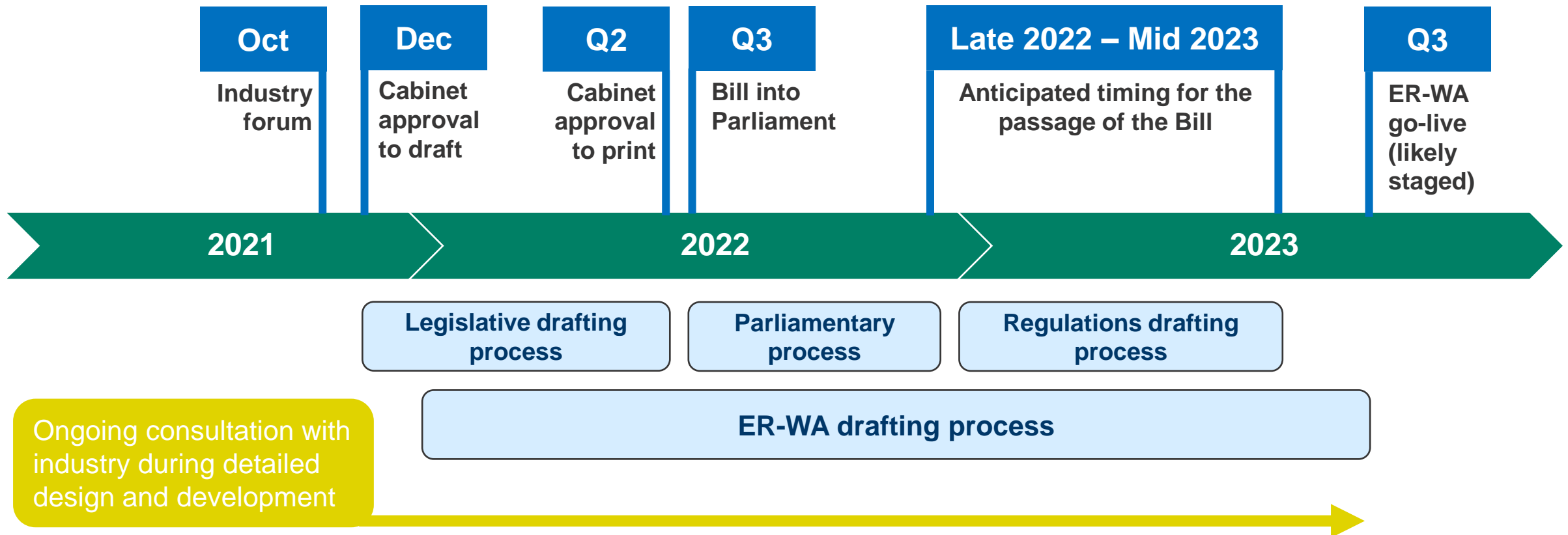
Other matters

- Other opportunities may be identified to rationalise and modernise electricity laws

Overview of the program



Next steps



Questions

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