



## Rule Change Extension Notice: Integrated LNG Systems Rule Change Proposal (PRC\_2022\_01)

This notice of extension is issued under clause A2.5.12 of the Pilbara Network Rules (**PNR**).

**Submitter:** Gemma Lynch, Woodside Energy Ltd. (**Woodside**)

**Date submitted:** 19 July 2022

**Date of extension:** 6 October 2022

In accordance with clause A2.5.10 of the PNR, the Coordinator of Energy (Coordinator) has extended the timeframe for the publication of the Draft Rule Change Report for the *rule change proposal* (proposal) titled “Integrated LNG Systems” (PRC\_2022\_01) until **5:00pm on 7 December 2022**.

The dates for the subsequent steps of the rule change process have been adjusted accordingly.

### Reason for the Extension

The timeframe for publishing the *draft rule change report* has been extended to enable the Coordinator to consider the outcomes of a technical working group (Working Group), established by the Pilbara Advisory Committee (PAC) to assess any potential impact of PRC\_2022\_01 on the reliability, safety, and security of the North West Interconnected System (NWIS).

As detailed below, assessment of the outcomes of Stage 2 of the Working Group work is required for the Coordinator to develop the *draft rule change report* in accordance with A2.7.7 and be satisfied that the PRC\_2022\_01 proposal is consistent with the *Pilbara electricity objective*.

### Background

The PAC considered PRC\_2022\_01 at its meeting on 3 August and, in its advice to the Coordinator, gave conditional support for the proposal provided it:

- is of a form that does not set a precedent where future connections are generally able to pursue bespoke arrangements;
- can be demonstrated to not compromise the reliability, safety and security of the NWIS and any interconnected Pilbara system; and
- does not hinder the ISO in its effective operation of the NWIS.

The PAC also recommended establishing a Working Group to undertake an assessment of any risks associated with the proposed exemptions from the Harmonised Technical Rules (HTR) and the ability of the Pilbara ISO to perform its role.

More information on the Working Group can be found on the Energy Policy WA website at this [link](#).

## Working Group Summary

In accordance with its Terms of Reference, the Working Group is being chaired by the Pilbara ISO and is delivering its scope of works in two stages:

- Stage 1: was to identify any technical risks of the proposal and advise the PAC whether the risks are acceptable, unacceptable, or requiring further assessment (**complete**).
- Stage 2: was dependent on the outcomes of Stage 1, and has now been defined to include further assessment of two identified technical risks, as outlined in the proposed work program below (**to be completed by 26 October 2022**).

The ISO held two extended workshops under Stage 1, on 15 September and 19 September 2022, and produced a Risk Assessment Table, which was presented to the PAC and discussed at an “Out of Session” PAC meeting on 28 September 2022. The meeting papers can be found on the Energy Policy WA website at this [link](#).

The PAC was asked to:

- consider the residual risks identified in the table and determine what additional work must be completed by the Working Group before PRC\_2022\_01 can be progressed; and
- provide guidance as to whether the Coordinator is reasonably in a position to analyse PRC\_2022\_01 and develop the *draft rule change report* in accordance with clause A2.7.7 of the PNR.

The ISO helped guide discussion and highlighted the two key risks that were identified as requiring further action before they can be properly assessed by the Working Group and the PAC:

1. How to assess compliance with the HTR at the point of interconnection (including regulatory mechanisms for reassessment of ongoing compliance).
2. How to assess system risks during contingency events (arising from the proposal’s restriction of ISO directions).

There was general consensus from the PAC that PRC\_2022\_01 could not be adequately assessed, and the *draft rule change report* could not be reasonably developed, without proper consideration of these two risks. The relevant tasks and responsible parties for “Stage 2” of the Working Group were therefore identified and a high level timeline was agreed by the PAC. These are outlined in the work program below.

It should be noted that there remains consistent and firm support from all PAC members for the connection of the Pluto facility to the NWIS and the general intent behind Woodside’s proposal.

## Stakeholder Consultation

### Stakeholder Submissions

A number of the submissions on PRC\_2022\_01, following the publication of the Coordinator notice of the proposal, supported the establishment of the Working Group and highlighted the general need for proper consideration of the technical risks before the *rule change proposal* could be properly considered. While the submissions went into some detail (submissions linked [here](#)), the following is a high level summary:

- Alinta Energy: supported establishing the Working Group to reach an informed view on the complex, technical issues regarding exemptions from the HTR.
- Pilbara ISO: considered that the proposal should only be approved if found to be consistent with the Pilbara electricity objective, and that such an assessment should be informed by further input from Horizon Power, the ISO and the Working Group.
- Expert Consumer Panel: supported the establishment of the Working Group and noted that it should be given the time it needs to properly explore the technical matters ahead of publication of a draft decisions.
- Rio Tinto: expressed some difficulty in understanding how the proposal that the Pluto Facility be required to comply with the HTR only at the point of connection can practically be achieved and was concerned around limiting the ISO directions in contingencies (these are the two risks that need further consideration by the Working Group).

Further details relating to the Rule Change Proposal are available on the Energy Policy WA website at this [link](#).

### **PAC Meeting**

At the 28 September 2022 meeting, PAC members were asked to raise any specific concerns with extending the timeframe for publishing the *draft rule change report* and to provide views on the length of the extension. No specific concerns were raised and there was general consensus that Stage 2 of the Working Group would need to be completed before the *draft rule change report* could be developed in accordance with clause A2.7.7 of the PNR. Specific points made by PAC member were that:

- it is appropriate to take the time required to assess the risks and ensure the drafting is adequately considered; and
- there is a need to revisit the rule change process timeframes, given the uncertainty surrounding the two technical risks identified by the Working Group as requiring further assessment.

### **Proposed Work Program**

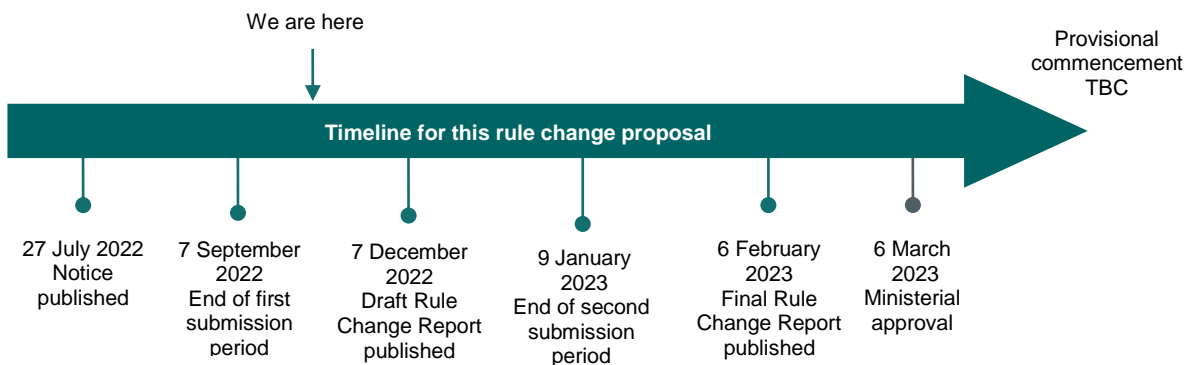
The following table summarises Stage 2 of the proposed work program that must be completed by the Working Group in advance of the next PAC meeting on 9 November 2022.

From this date, the Coordinator will have 20 Business Days to develop and publish the *draft rule change report*, taking into account the outcomes of Stage 2 of the Working Group and the views of the PAC on these outcomes.

ISSUE	TASK	RESPONSIBILITY	TIMING
<b>Technical Risk 1:</b> Compliance at the point of interconnection	Develop draft criteria/guidance note for consultation	Horizon Power	10 October 2022
	Working group review of guidance note	Working Group (technical reps)	10 – 19 October 2022
	Finalise criteria and guidance note	Horizon Power/Pilbara ISO	19 – 24 October 2022
	Provide advice to the PAC Secretariat (EPWA)	Pilbara ISO	By 26 October 2022
	Assessment of regulatory framework required to support connection and ongoing compliance/assessment	EPWA (to hold regulatory workshop/s with nominated representatives from PAC members)	10 – 24 October 2022 (advice to the PAC by 26 October)
<b>Technical Risk 2:</b> Network risk in contingency events (qualitative assessment)	Develop list of current contingencies	Pilbara ISO (inc ISO Control Desk)	10 October 2022
	Refine list of contingencies where Woodside connection may impact	Pilbara ISO (inc ISO Control Desk)	10 - 14 October 2022
	Assessment before and after connection	Pilbara ISO (inc ISO Control Desk)	10 – 14 October 2022
	Working group review	Working Group (technical reps)	14 – 19 October 2022
	Provide advice to the PAC Secretariat (EPWA)	Pilbara ISO	26 October 2022

## Extended Timeline

The rule change process timeline for PRC\_2022\_01 has been amended to take the extension into account:



*Note: the above timeline takes into account the Public Holidays during the Christmas and New Year period.*