



Government of Western Australia
Department of Mines, Industry Regulation and Safety
Energy Policy WA

Draft Rule Change Report Integrated LNG Systems (PRC_2022_01)

Standard Rule Change Process

7 December 2022

Working together for a **brighter** energy future.

*An appropriate citation for this paper is: Draft Rule Change Report
Integrated LNG Systems
(PRC_2022_01)*

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1. The Rule Change Proposal, Process and Timeline

On 19 July 2022, Woodside Energy Ltd (Woodside) submitted a *rule change proposal* titled “Integrated LNG Systems” (PRC_2022_01). This *rule change proposal* seeks to amend a number of existing provisions, and insert several new provisions, in the Pilbara Network Rules (PNR).

The proposal is based around amending the PNR to create a new class of networks – called integrated Liquefied Natural Gas (LNG) networks – and to limit the application of the PNR and the harmonised technical rules (HTR) in respect of these networks. Woodside’s concept for integrated LNG networks is similar to the existing treatment of integrated mining networks under the PNR, but with some differences.

This *rule change proposal* is being processed using the *standard rule change process* described in clauses A2.7.1A to A2.7.8 of the PNR.

The rule change notice and all other documents related to this *rule change proposal* can be found on the Coordinator of Energy’s (Coordinator) website at <https://www.wa.gov.au/government/document-collections/pilbara-rule-change-prc202201>.

On 6 October 2022, the timeframe for the preparation of the *draft rule change report* was extended by the Coordinator in accordance with clause A2.5.10 of the PNR.

The key dates for progressing this *rule change proposal*, as amended in the extension notice, are:



This *draft rule change report* is drafted under clause A2.7.6 of the PNR on the basis that the reader has read all the related documents, including the rule change notice, *rule change proposal*, extension notice, minutes and papers from the relevant Pilbara Advisory Committee (PAC) meetings and the first period submissions.

2. The Coordinator's Draft Decision

The Coordinator's draft decision is to accept the *rule change proposal* in a modified form.

The proposed *amending rules* are set out in section 7 of this report.

2.1 Reasons for the Coordinator's Draft Decision

The Coordinator has made its draft decision on the basis that the proposed *amending rules*, as amended following the first submission period:

- are consistent with the *Pilbara electricity objective* and the matters prescribed under regulation 4 of the *Electricity Industry (Pilbara Networks) Regulations 2021* (Regulations) in the following ways:
 - the new process for *connection point compliance* will promote future investment in the Pilbara region and has the potential to facilitate the connection for Woodside, other LNG facilities and other facility types that may wish to connect to the North West Interconnected System (NWIS);
 - any potential risks to the security and reliability of the NWIS can be effectively managed with the progression of the *rule change proposal*;
 - in providing for an alternative *connection point compliance* process and making it available to a range of eligible facility types, the Coordinator's amendments to the proposed rules recognise the unique nature of the electricity supply arrangements that exist in the Pilbara region;
 - the Coordinator's additional amendments facilitate the connection of the Pluto Facility to the NWIS, by recognising its specific technical circumstances and allowing Woodside to retain a degree of operational control to preserve the security of its system and the reliability of supply to its operations;
 - comprehensive assessment of this *rule change proposal*, to ensure it is consistent with the *Pilbara electricity objective*, has been achieved thanks to the good faith collaboration and input by the Pilbara Independent System Operator (ISO), PAC members, Woodside, and other relevant working group and workshop participants; and
 - as recognised by the PAC, by providing for the connection of the Pluto facility to the NWIS, this *rule change proposal* will facilitate decarbonisation of the NWIS via the connection of the Woodside's solar farm at Maitland, and the increased generation and use of renewable energy on the Pilbara;
- have been amended to reflect the consensus views of the PAC, to the extent practicable, and the outcomes of the technical working group (TWG) established by the PAC to consider the *rule change proposal*;
- have taken into account any issues raised in the first period submissions, and have been modified accordingly by the Coordinator's additional amendments to the proposed rules; and
- on balance, provide a range of benefits that result from the connection of the Pluto Facility to the NWIS that outweigh any potential costs and time spent on the practical implementation of the *rule change proposal*.

The detailed assessment and analysis leading to the Coordinator's draft decision is outlined in section 6 of this report.

2.2 Proposed Commencement

The *amending rules* are proposed to commence at **8:00am (WST)** on **31 March 2023**.

Please note that the proposed commencement date is provisional and may be subject to change in the *final rule change report*.

3. Call for Second Round Submissions

The Coordinator invites interested stakeholders to make submissions on this *draft rule change report*. The Coordinator seeks feedback on all aspects of the *draft rule change report*.

The submission period is 20 Business Days from the *draft rule change report* publication date. Submissions must be provided to the Coordinator by **5:00pm (WST) on 9 January 2023**.

The Coordinator encourages stakeholders to use the submission form available at <https://www.wa.gov.au/government/document-collections/rule-change-process> and to send the completed form by email to energymarkets@dmirs.wa.gov.au.

Submissions may also be sent to the Coordinator by post, addressed to:

Coordinator of Energy

Attn: Director, Wholesale Markets Branch

Energy Policy WA

Locked Bag 11 Cloisters Square WA

PERTH BC WA 6850

4. Proposed Amendments

4.1 The Rule Change Proposal

Summary of the rule change proposal

This section provides a summary of *rule change proposal* PRC_2022_01, as published in the Coordinator's rule change notice on 27 July 2022. Both the full *rule change proposal* and the rule change notice can be found on the [Coordinator's website](#).

Woodside's *rule change proposal* seeks to provide for Woodside to connect the Pluto Facility to the NWIS in a way which allows Woodside to retain operational control of the Pluto generating units, while avoiding the costs and delays associated with upgrades required to comply with the HTR behind the interconnection point.

The proposal is based around amending the PNR to create a new class of networks, called *integrated LNG networks*, and to modify the application of elements of the PNR with respect to these networks. Woodside's concept for *integrated LNG networks* is similar to the existing treatment of *integrated mining networks* under the PNR, but with some key differences. Importantly, these include:

- that compliance with the HTR will only be required at the point of interconnection with the NWIS; and
- that the ability of the ISO to give system operations directions to the Pluto facility will be limited.

The following is a high level outline of the changes that Woodside is proposing to new and existing provisions of the PNR, which include:

- inserting a new definition for an *integrated LNG network*;
- inserting a new definition for an *integrated LNG system*;
- providing for compliance with the HTR at the connection point with respect to *integrated LNG networks*;
- placing specific requirements on the ISO with respect to *integrated LNG systems*;
- related changes to the calculation of ISO fees, Economic Regulation Authority fees and Coordinator fees.
- related changes to the application of metering requirements;
- changes to the application of generation adequacy requirements with respect to *integrated LNG systems* under Chapter 6;
- changes in relation to the compliance obligations under the PNR for a network service provider (NSP), controller, or network user of an *integrated LNG system*;
- limiting the directions the ISO may give in relation to an *integrated LNG system*;
- changes to the functions of *incident coordinators* as they relate to *integrated LNG systems*;
- changes to the disconnection protocols in relation to *integrated LNG systems*;
- related changes to the requirements placed on the Coordinator in conducting any review of how constrained access is to apply; and
- changes to the objective of the reports produced under Chapter 10 (long term coordination and planning) to include consideration of *integrated LNG systems*.

Woodside's assessment against the Pilbara Electricity Objective

In its proposal, Woodside referred to the rule change as a critical step in addressing the current barriers to LNG producers connecting to the NWIS, noting that it may encourage existing LNG producers to connect to the NWIS and that it will advance the *Pilbara electricity objective* by creating a more coordinated and reliable network.

Woodside suggested that the *rule change proposal* will improve the efficiency and effectiveness of electricity services in the Pilbara, and support economic growth and development in the region, while also promoting the *Pilbara electricity objective* in the following key ways:

PEO	How objective is met
Promote efficient investment in, and efficient operation and use of, services of Pilbara networks	Encourages connection of the Pilbara LNG industry. Incentivises more renewable generation projects in the Pilbara.
Promote long-term interests of consumers of electricity in the region in relation to price, quality, safety, reliability and security of supply	Addition of renewably generation capacity in the NWIS is likely to lead to higher reliability and security of supply, while reducing costs and emissions.
Promote long-term interests of consumers of electricity in relation to reliability, safety and security of any interconnected Pilbara system	At any interconnection point with the NWIS, the electricity infrastructure of an integrated LNG system will be managed to comply with the HTR. The ISO and others are granted ample powers to protect the security of the NWIS by disconnecting the Pluto Facility at will, if necessary.

Please refer to section 4 of the *rule change proposal* for Woodside's complete assessment of why the changes are consistent with the *Pilbara electricity objective*.

4.2 The Coordinator's Initial Assessment of the Proposal

Under clause A2.5.6A of the PNR, the Coordinator may decide not to progress a rule change proposal if it is:

- (a) materially incomplete;
- (b) manifestly inconsistent with the *Pilbara electricity objective*; or
- (c) materially the same as another rule change proposal considered by the Coordinator in the 12 months prior to the date of the rule change proposal.

The Coordinator determined that the *rule change proposal* did not meet the above criteria, and decided to progress the rule change proposal using the *standard rule change process*.

5. Consultation

Section 5 of this *draft rule change report* provides a summary of:

- the consultation that has been conducted on the *rule change proposal* with the PAC and the Coordinator's response to the views of the PAC;
- submissions made in the first submission period and the Coordinator's response to the issues raised in those submissions; and
- the outcomes of any public forums or workshops held.

The Coordinator has considered and taken into account each matter raised in these consultations in making this draft decision on PRC_2022_01.

5.1 The Pilbara Advisory Committee

Under clause A2.4.3(d) and A2.4.3(dA) of the PNR, the Coordinator must consider any advice from the PAC regarding the *rule change proposal* and consider whether the PAC reached a consensus view, and if not, to consider any dissenting views.

5.1.1 Pre-Rule Change Proposal

Woodside first engaged with the Coordinator and Energy Policy WA (EPWA) in late 2021, seeking advice on the rule change process and the form and content of the *rule change proposal*. Woodside was advised to submit a pre-rule change proposal to facilitate preliminary discussions with the PAC.

PAC 4 May 2022 Meeting

The PAC received a pre-rule change proposal submitted by Woodside and provided feedback to Woodside at its meeting on 4 May 2022. The papers and minutes from this PAC meeting have been published on the Coordinator's [website](#).

The PAC advised Woodside to amend its proposal by:

- clarifying why the existing options for exemptions from the PNR/HTR are insufficient and why a new exemption category is needed;
- outlining the impact of not getting an exemption, as proposed by Woodside, to inform the rule change process; and
- providing assurance that the proposal does not change the operation of, or the essential services provided by, other parties connected into the NWIS.

The PAC did not support the use of the fast track rule change process for the *rule change proposal*.

Woodside made a number of changes before submitting its formal *rule change proposal*, which sought to address the above feedback provided by the PAC.

5.1.2 PAC's Consideration of PRC_2022_01

PAC Meeting, 3 August 2022

PAC Initial Advice

The PAC considered Woodside's formal *rule change proposal* at its 3 August 2022 meeting and provided written advice to the Coordinator on 29 August 2022.

The PAC agreed that connecting the Pluto Facility to the NWIS would promote the *Pilbara electricity objective* by:

- facilitating decarbonisation and increasing renewable energy use via connection of the proposed solar farm; and
- increased investment in the region.

The PAC raised a number of concerns about the *rule change proposal*, including about:

- its potential to set a precedent for future applicants;
- its potential impact on the security and reliability of the NWIS; and
- the risks associated with limiting the ISO's directions.

The PAC therefore questioned whether connecting Pluto under the proposed exemptions would be consistent with the *Pilbara electricity objective*.

In its advice, the PAC provided conditional support for the *rule change proposal*, provided that the following is addressed:

- the form of the *rule change proposal* does not open the opportunity for additional bespoke categories of connection;
- the impact of the connection on the NWIS and on other connected parties will not put at risk the reliability, safety and security of the NWIS and any interconnected Pilbara system; and
- the changes do not hinder the ISO in its effective operation of the NWIS.

The PAC supported establishing a TWG, with the objective of assisting the PAC to form an informed view regarding the technical and complex issues associated with the proposed exemptions from the HTR and the ability of the ISO to perform its role. A summary of the work program and outcomes of the TWG can be found in section 5.1.3 below.

The PAC noted that this is the first rule change proposal under the PNR and its appreciation regarding Woodside's efforts to consult individually with stakeholders and some members of the PAC (as well as the PAC) prior to the rule change proposal being formally submitted. However, the PAC considered that future consultation processes on rule changes could be improved by broadening consultation to include all customers, large and small.

The minutes and papers from this PAC meeting are available on the [Coordinator's Website](#).

PAC Meeting, 28 September 2022

The PAC considered the outcomes of Stage 1 of the TWG at an out of session PAC meeting on 28 September 2022, and discussion included the following key points:

- There was general consensus from the PAC that a criteria for compliance at the connection point would need to be developed prior to the rule change being progressed. The PAC noted the head of power for this criteria would need to be included in the rules and should include triggers for compliance reassessment.
- The PAC requested further information from the TWG on two key issues related to the rule change proposal:
 - what the compliance criteria at the point of interconnection should be; and
 - what are the risks to the system operation functions and the network during contingency events.
- The PAC noted that there was a need to develop additional amending rules to give effect to the compliance criteria for assessing initial and ongoing compliance at the *connection point* and that any regulatory arrangements considered would require input from the regulatory, rather than the technical experts of the parties involved.
- PAC members were consulted on extending the timeframe for the publication of the Coordinator's *draft rule change report*. No concerns were raised by the PAC and a timeframe of 20 business days was suggested, to keep the process as expedient as possible while

allowing sufficient time for additional work to be done. Please see the [Coordinator's extension notice](#).

- The work program for Stage 2 of the TWG was subsequently proposed by the ISO and agreed by the PAC members. The proposed work program and estimated timeframes were then published in the Coordinator's extension notice.

PAC Meeting, 9 November 2022

The PAC considered the outcomes of Stage 2 of the TWG and [the Coordinator's regulatory workshop](#) (see section 5.5.1 for details) at its meeting on 9 November 2022.

There was general consensus that the PAC was comfortable:

- with the work completed by the TWG;
- with the proposed approach for assessing compliance with the HTR at the connection point;
- that the ISO can undertake its required functions in relation to security and reliability; and
- that the risks and the approach can be managed from an operational perspective.

The PAC agreed that:

- this rule change should have the potential to apply to a broader number of organisations than just Woodside;
- the proposed hybrid approach should be taken for the implementation of the compliance criteria - certain aspects should be enshrined in the PNR, namely page 1 of the compliance criteria developed by Horizon Power, while other aspects (e.g. technical details) should be in protocols;
- the facility would remain subject to the compliance and enforcement regime under the PNR, including investigations by the ISO; and
- there needs to be a trigger in the PNR for reassessment of the connection, including as a result of major modification.

It was agreed by the PAC that the Chair would draft written advice to the Coordinator, and circulate to members for approval, summarising the PAC's views on how the *draft rule change report* could be progressed.

5.1.3 PAC Technical Working Group

The TWG was established to assist the PAC in forming a view on the technical and complex risks associated with the Woodside's proposed compliance with the HTR at the point of interconnection, and the ability of the ISO to perform its role.

The TWG was chaired by the ISO and its work program was undertaken in the following two stages:

- Stage 1: identified the technical risks of the proposal and advised the PAC whether the risks were acceptable, unacceptable, or required further assessment.
- Stage 2: was dependent on the outcomes of Stage 1, and later defined to include further assessment of the following two items identified by TWG as requiring additional work:
 - how HTR compliance at the connection point could be assessed in practice; and
 - a qualitative assessment of system operation functions and network risk during contingency events.

The ISO facilitated three TWG workshops which were held on 15 September, 19 September and 24 October 2022.

There was general consensus by the TWG participants that:

- the draft compliance criteria was suitable for assessing compliance at the connection point and can form the basis for further amendments to the PNR; and
- any network contingency risks can be managed in the presence of the proposed rule change.

TWG members were given the opportunity to make further comment on the outcomes of the third TWG meeting, and formal participant feedback can be found in the papers for the [9 November 2022 PAC meeting](#).

5.1.4 PAC final advice to the Coordinator

The PAC submitted its final advice to the Coordinator regarding Woodside’s *rule change proposal* on 25 November 2022. The advice consisted of the following key points:

- There was general support for the approach, process, and outcomes from the TWG. This was seen to be a positive way to seek to resolve issues and concerns around Woodside’s rule change proposal in relation to the Pluto Facility’s compliance with the HTR.
- There was general consensus that Horizon Power’s compliance criteria (including the suggested Woodside amendments) will assist with the assessment of compliance of the Pluto Facility with the HTR at the connection point. In particular, the first page of this criteria should be incorporated in, and form the basis of the drafting of changes required to the PNR. This was consistent with the findings at the Coordinator’s regulatory workshop.
- There was a general level of comfort that the ISO will be able to undertake its functions effectively during network contingency events, and the identified risks could be managed and mitigated, even with the proposed limitations to the ISO directions.
- Consideration should be given to the extent that the proposed rule change can be more broadly applied to other connecting facilities, rather than being unique to Woodside.
- There was general support for the proposed additional changes to the regulatory arrangements discussed at the Coordinator’s Regulatory Workshop, including the triggers for reassessment, if there were modifications at the Pluto Facility.
- In relation to the issue of the extent to which the PNR or a procedure should provide for the compliance framework, it was suggested that there should be consideration as to the balance between what part of the framework is to be captured in the PNR and what is to be delegated to procedures. This is to ensure that there is appropriate governance around changes to the elements contained in the procedure when and if they occur.

The PAC advice has been published on the [Coordinator’s website](#).

5.2 The Coordinator’s Response to the Pilbara Advisory Committee

The Coordinator has considered each of the matters identified in the two lots of written advice provided by the PAC, and has addressed any issues in section 6 of this report. The issues and the Coordinator’s response to the issues are also summarised in the table below.

Issue	Comment/Issue Raised	Coordinator’s Response
Preliminary Advice		
1	The rule change may set a precedent where future connections are generally able to pursue bespoke arrangements.	The Coordinator has broadened the network class proposed by the rule change to ensure that other eligible facilities may connect using the provisions in the future. The new ‘ <i>integrated facility</i> ’ class will reduce the likelihood that facilities will seek to pursue connection to the NWIS via bespoke arrangements (see section 6.1.1).

Issue	Comment/Issue Raised	Coordinator's Response
2	The rule change may compromise the reliability, safety and security of the NWIS and any interconnected Pilbara system.	Based on the outcomes of the TWG, the Coordinator is satisfied that risks to the reliability, safety and security of the NWIS, and any interconnected Pilbara system, can be adequately managed.
3	By limiting the ISO's directions, the <i>rule change proposal</i> may hinder the ISO in its effective operation of the NWIS.	Based on the outcomes of the TWG and ISO's considerations, the Coordinator is satisfied that the ISO would still be able to effectively operate the NWIS following the connection of the Pluto Facility.
5	The PAC considered that future consultation processes on rule changes could be improved by broadening consultation to include all customers, large and small.	The Coordinator acknowledges the PAC's comment and will seek to engage further with the PAC on how such an outcome could be achieved for future <i>rule change proposals</i> .
Final Advice		
6	Consideration should be given to the extent that the proposed rule change can be more broadly applied to other connecting facilities, rather than being unique to Woodside.	See the answer to Issue 1 above and section 6.1.1 of this report.
7	A balance should be struck between what is prescribed under the PNR and what is delegated to a procedure – to ensure that there is appropriate governance arrangements around potential changes to the matters prescribed in the procedure.	The Coordinator has made additional amendments to the rules, which seek to achieve this balance by enshrining the process for connection point compliance and associated measures in the PNR, while providing for the procedural matters (such as the process, roles, responsibilities and obligations of the relevant parties) to be outlined in the ISO's connection point compliance procedure.

5.3 Submissions Received during the First Submission Period

The first submission period for this *rule change proposal* was held between 7 July 2022 and 7 September 2022. The Coordinator received submissions from:

- Alinta Energy (Alinta)
- Expert Consumer Panel (ECP)
- Horizon Power
- Pilbara ISOCo Limited (ISO)
- Pilbara Iron Pty Ltd (Rio Tinto)

Copies of all submissions received during the first submission period are available in full on the Coordinator's website.

A summary of common issues raised in the submissions is provided below, while a more comprehensive response to the issues raised can be found in Appendix A.

Suggested revisions to the draft amending rules, in response to the issues raised in those submission, are outlined in detail and addressed in Appendix A.

5.3.1 General Feedback

Horizon Power provided general support for the *rule change proposal*. Alinta, the ISO and Rio Tinto were supportive of Woodside connecting to the NWIS, but raised some concerns relating to specific aspects of the *rule change proposal*. The issues raised and suggestions made in the submissions are discussed in the remainder of this section and in Appendix A of this report.

Alinta, the ECP, the ISO and Rio Tinto noted that with the information available, they could not fully assess the impact of the rule change proposal or how well it aligns with the *Pilbara electricity objective*. It was consistently noted in submissions that stakeholders require the outcomes from the TWG to make informed submissions.

5.3.2 Introduction of a new facility class

In Alinta's view, the introduction of new and bespoke participant categories, with limited obligations to comply with the HTR and ISO directions, is not good regulatory practice and may limit the ability of the ISO to perform its primary function. Rio Tinto noted that this may result in a fragmented and inconsistent regulatory regime for the NWIS and it is not appropriate to accommodate one third party user when there are existing categories that can be used.

Both Alinta and Rio Tinto considered that the PNR already provide a framework for seeking exemptions and derogations and these should be used. Alinta considered that the integrated mining network category with specific exemptions and derogations under rules 57 and 64 of the PNR should be used.

Rio Tinto's further noted that *integrated LNG systems* should not be treated like integrated mining systems as they are fundamentally different in character and scale. The ISO considered that, given the lack of integrated LNG facilities that are connected to the grids in Australia and the likely adaptable standards of prudent conduct, appropriate technical leadership and broadly relevant exemption frameworks in the PNR should be adapted as benchmarks for assessment.

Horizon Power was supportive of the new category and commented that there is significant merit in having an *integrated LNG system* managed in a similar manner to *integrated mining networks* in this context.

5.3.3 Limitations on ISO directions

Alinta and the ISO raised concerns that the *rule change proposal* may limit and adversely impact several functions of the ISO, including its primary function of maintaining and improving system security.

The ISO considered that many of these impacts may be unintended and can be adequately mitigated through further consultation through the TWG.

Rio Tinto noted that it cannot see how creating a limit that only applies to the Pluto Facility can be consistent with the *Pilbara electricity objective*.

Alinta noted the limitation on the ability of the ISO to direct the Pluto Facility may also lead to disproportionate loss of autonomy and unfavourable impact on other facilities.

5.3.4 Potential risks to system security and reliability

The ISO, Alinta and Rio Tinto raised concerns that the *rule change proposal* may present risks to system security and reliability.

The ISO noted the potential risks to system security and reliability as a result of placing restrictions on the ISO's ability to direct the Pluto Facility.

Alinta considered that a blanket exemption from compliance with the HTR beyond the point of interconnection may impact the security and reliability of the NWIS and expose other NWIS users to supply interruptions as well as potential issues in contingency events (more detail in section 5.4.5).

Rio Tinto was concerned about rules proposed by Woodside which seek to limit the application of the PNR and HTR. A facility connecting to a covered network must also recognise that its connection will have an impact on the overall power system, particularly given the size of the consumer facility and the embedded generators connecting to the connecting network.

5.3.5 HTR compliance at connection point

The *rule change proposal* proposes that Integrated LNG Systems will have their HTR compliance assessed at the point of interconnection to another network.

Horizon Power was supportive of this and recommended that a guidance on how HTR compliance should be assessed at the point of interconnection for *integrated LNG systems* can be developed by the ISO once the rule change proposal is accepted.

Rio Tinto had some difficulty understanding how the proposal that the Pluto Facility be required to comply with the HTR only at the point of connection can be practically achieved given the inherent nature of the power system and the technical requirements in the HTR, which are specifically placed on generators and consumer facilities to maintain the power system within a secure state.

Alinta noted that an exit service is a contractual limitation not a physical limitation, so it is unlikely to avoid the whole-of-system security risks as suggested in the proposal. Alinta was concerned that, following a contingency event in the Pluto system, uncontrolled active and reactive power flowing into the NWIS may trigger further disturbances before action can be taken.

Alinta and Rio Tinto did not support an exemption from the HTR in perpetuity and considered that connection of new equipment or material changes to existing equipment should be assessed on a case-by-case basis or, as mentioned by Alinta, if the ISO identifies an impending security risk.

5.3.6 Items requiring assessment by the Technical Working Group

Alinta, the ECP, the ISO and Rio Tinto all commented that they require the results and outcomes from the TWG prior to being able to make an informed submission.

The ISO's view was that certain power system modelling, steady state and dynamic studies may need to be undertaken in respect of the Pluto Facility in order for the TWG to adequately assess the impact that the proposed new connection will have on the system.

The ECP's view was that the TWG should be given the time it needs to properly explore these technical matters and provide its advice, ahead of the publication of a draft decision, to ensure stakeholders can make informed decisions. In Alinta's view it had not been demonstrated that adequate consideration has been given to the technical issues associated with the proposal.

The ECP also considered that Woodside's proposal does not include detailed information about the costs and benefits of alternative solutions to justify amending the rules. More detail about how electricity generated by the solar farm will be used in the Pluto would also be needed to have confidence that the project would lead to an overall reduction in the emissions from the facility.

The Coordinator made the decision to extend the *draft rule change report* in order for the results of the TWG to be available during the Coordinator's development of the *draft rule change report*, and

so members of the PAC could make an informed assessment of the proposal in preparing their second round submissions.

5.3.7 Submissions assessment against the Pilbara electricity objective

The Coordinator must have regard to factors listed in regulation 4 of the Regulations when determining whether the PNR, as amended by the *amending rules*, would better achieve the *Pilbara electricity objective*.

The assessments by the submitting parties as to whether the PNR, as amended by the *amending rules* in the *rule change proposal*, would better achieve the *Pilbara electricity objective* is summarised in Table 1 below.

Table 1: Comments on the Pilbara Electricity Objective from the First Period Submissions

Submitter	Pilbara Electricity Objective Assessment
Alinta	Alinta did not consider that the <i>rule change proposal</i> is consistent with the <i>Pilbara electricity objective</i> as a whole. Despite encouraging connection of the Pilbara LNG industry and incentivising more renewable generation projects, the potential limitation of the ISO’s ability to direct certain facilities will not only dilute the effectiveness of any remediation but drive the ISO to rely more heavily on directing other facilities, which may lead to a disproportionate impact on those facilities.
ECP	In ECP’s view <i>rule change proposals</i> should include the details about economic, social and environmental costs and benefits that stakeholders, and the Coordinator, need to assess how well the proposal aligns with the <i>Pilbara electricity objective</i> . The Woodside proposal did not include detailed information about the costs and benefits of alternative solutions to justify amending the rules.
Horizon Power	In Horizon Power’s view the <i>rule change proposal</i> supported the <i>Pilbara electricity objective</i> by facilitating the connection of an islanded system to the Pilbara. The successful connection of the Pluto LNG Facility would serve as a significant precedent for the connection of future islanded systems in the Pilbara, resulting in cost savings to the industry through centrally procured essential system services (ESS) and alternative supplier arrangements.
Pilbara ISO	The ISO acknowledged that the <i>rule change proposal</i> was intended to address the current barriers to LNG producers connecting to the NWIS, and to encourage existing LNG producers to connect to the NWIS, which will create a more coordinated, reliable network. Accordingly, ISO was generally supportive of any proposal that facilitates the development of the Pilbara resources industry. However, for the reasons outlined in the ISO submission and until the issues raised are addressed, it was unclear to the ISO whether the <i>rule change proposal</i> will better facilitate the achievement of the <i>Pilbara electricity objective</i> in its current form.
Rio Tinto	Rio Tinto could not see how creating a limit of the nature of certain notices, protocols or directions that can be given under the PNRs that only applies to the Pluto Facility can be consistent with the <i>Pilbara electricity objective</i> .

Creating new categories to accommodate one third party user when there are existing categories that can be used could result in inefficient, inconsistent and piece-meal technical regulation across the NWIS, contrary to the purpose of the PNR and HTR and *Pilbara electricity objective*.

5.4 The Coordinator's Response to Submissions Received during the First Submission Period

The Coordinator's overall assessment of the issues raised in the first period submissions is presented in section 6 of this report.

The Coordinator's assessment of the specific issues raised in the first period submissions is presented in Appendix A.

5.5 Public Forums and Workshops

5.5.1 The Coordinator's Regulatory Workshop

At the PAC meeting on 28 September 2022, the PAC noted that there was a need to develop additional draft rules to give effect to a compliance criteria for assessing initial and ongoing compliance at the connection point, and that any regulatory arrangements considered would require input from regulatory experts. The Coordinator, therefore, held a regulatory workshop on 25 October 2022, attended by regulatory experts of the parties involved and chaired by EPWA. Attendees included:

- EPWA representatives (including observers);
- Two Woodside representatives;
- Two Horizon Power representatives;
- One BHP representative;
- One Fortescue Metals Group (FMG) representative; and
- Three Rio Tinto representatives.

The objective of the regulatory workshop was to seek the views of attendees on proposed regulatory arrangements, which covered the following three areas:

- **Getting connected:** how to provide for the development and application of a "compliance criteria" under the PNR, to facilitate connection on the basis of compliance at the connection point;
- **Staying connected:** how mechanisms for ensuring ongoing compliance at the connection point could be developed under the PNR; and
- **Reassessment:** the circumstances in which a reassessment of 'compliance at the connection point' may be triggered under the PNR.

There was consensus on a number of the items discussed, which included:

- compliance criteria, for assessing compliance with the HTR at the connection point, should be provided for under the PNR;
- Woodside's facility will remain subject to the compliance and enforcement regime under the PNR, including investigations by the ISO; and

-
- the PNR should specify triggers for reassessment of compliance at the connection point, including for example if there is a planned major modification behind the connection point.

The general view of the workshop attendees was that a hybrid approach should be adopted for implementing the compliance criteria. This would involve key matters related to the compliance criteria and its establishment being included in the PNR, while allowing for the next level of detail to be included in a protocol or procedure.

The Coordinator has drafted additional amendments on the basis of these findings, which establish the requirements for *connection point compliance* and associated measures in the PNR, while providing for the procedural matters (such as the process, roles, responsibilities and obligations of the relevant parties) to be outlined in the ISO's connection point compliance procedure.

More detail on the above can be found in the workshop papers, which are available on the [Coordinator's website](#).

6. The Coordinator's Draft Assessment

In preparing a *draft rule change report*, the Coordinator must assess the *rule change proposal* in accordance with clauses A2.4.A2 and 2.4.3 of the PNR.

Under clause A2.4.A2 of the PNR, the Coordinator must not make *amending rules* unless satisfied that the rules, as proposed to be amended or replaced, are consistent with the *Pilbara electricity objective*.

Regulation 4 of the Pilbara Regulations requires the Coordinator to have regard to the following matters when determining whether the proposed *amending rules* are consistent with the *Pilbara electricity objective*:

- (a) the contribution of the Pilbara resources industry to the State's economy;
- (b) the nature and scale of investment in the Pilbara resources industry;
- (c) the importance to the Pilbara resources industry of a secure and reliable electricity supply;
- (d) the nature of electricity supply in the Pilbara region, including whether or not regulatory approaches used outside the Pilbara region are appropriate for the region, Pilbara network users and Pilbara networks; and
- (e) any other matter the person or body considers relevant.

Clause A2.4.A3 of the PNR sets out the matters that the Coordinator must have regard to in deciding whether to make *amending rules*, including:

- (a) any applicable statement of policy principles given to the Coordinator under clause A2.5.2;
- (aA) any advice provided by the *Pilbara advisory committee* regarding the evolution or the development of the regime under Part 8A of the Act or the PNR;
- (b) the practicality and cost of implementing the *rule change proposal*;
- (c) the views expressed in any submissions on the *rule change proposal*;
- (d) any advice by the *Pilbara advisory committee* where the *Pilbara advisory committee* met to consider the rule change proposal;
- (dA) whether advice from the *Pilbara advisory committee* provided under clause A2.4.3(aA) or A2.4.3(d) reflects a consensus view or a majority view, and, if the latter, any dissenting views included in or accompanying the advice and how these views have been taken into account by the Coordinator; and
- (e) any technical studies that the Coordinator considers are necessary to assist in assessing the *rule change proposal*.

In drafting this decision, the Coordinator had regard to each of the matters outlined in clauses A2.4.2 and A2.4.3, and regulation 4 of the Regulations. The Coordinator's assessment of the proposed changes and the rationale for accepting the *rule change proposal*, in a modified form, are set out below.

6.1 Assessment of the Proposed Changes

The Coordinator supports the basis for Woodside's *rule change proposal*, which seeks to facilitate the connection of the Pluto Facility to the NWIS, while retaining a high degree of operational control to preserve the security of its system and reliability of supply. The Coordinator also notes there has been ongoing support from the PAC members, and from first period submissions, for the

connection of the Pluto Facility to the NWIS and the benefits this would provide for the Pilbara region.

As outlined in section 5 of this report, consultation with the PAC on the *rule change proposal* and the first period submissions has highlighted a number of potential issues with the *amending rules*, as they are currently drafted. The Coordinator has therefore made a number of additional amendments to the proposed *amending rules*, to address advice from the PAC, the outcomes of the TWG and the feedback from the first period submissions. The rationale for these amendments is outlined in section 6.2.

6.1.1 Introducing an integrated LNG network category

In its *rule change proposal*, Woodside highlighted a perceived barrier to connection for LNG Facilities when compared to resources industry operators, the particular circumstances of which are provided for under the *integrated mining networks* class in the PNR. Woodside submitted that the specific circumstances of LNG producers, which account for one half of the generation capacity in the Pilbara that is not connected to the NWIS, should be recognised under the PNR by the creation of a new network class.

Woodside's proposed 'integrated LNG networks'

Woodside has proposed a new rule 5A, which establishes the provisions applicable to a new class of *integrated LNG networks*. This class was developed using the *integrated mining network* provisions under rule 5, with some amendments made to reflect the unique features of the Pluto Facility. Woodside also proposed related definitions for *integrated LNG network*, *integrated LNG system* and *Pilbara LNG business*. Many of Woodside's subsequent proposed changes stem from the introduction of this new rule 5A.

Alinta and Rio Tinto both raised concerns with introducing bespoke categories and user specific rules, noting this may set a precedent for other applicants and could result in a fragmented regulatory regime for the NWIS. The PAC noted in its advice that it could only provide support for the proposal if the rule change does not set a precedent for future connections ability to pursue bespoke arrangements.

The ISO appreciated the efficiency of adapting the *integrated mining system* definition, but noted that the unique characteristics of an LNG facility introduces an element of uncertainty in comparison to an *integrated mining system* (especially one electrically connected prior to commencement of the PNR). Rio Tinto further noted in its submission that it is not appropriate to use the *integrated mining network* class as a template for the *integrated LNG network* due to fundamental differences between the Rio Tinto and Woodside networks.

Horizon Power considered there to be merit in managing an *integrated LNG system* in a similar manner to *integrated mining networks*, especially given the benefit that may result from the ISO having regard to the network in developing procedures or managing outage scheduling conflicts.

Assessment of existing network categories

In its assessment, the Coordinator considered whether any existing network categories under the PNR could be suitably applicable for connecting the Pluto Facility. As noted by Woodside in its proposal, the Pluto Facility has a capacity of more than 10 MW, and cannot be connected under the requirements of the *excluded network* category. As highlighted by both Woodside and Rio Tinto, the technical circumstances of the Pluto LNG Facility do not lend themselves to connection as an *integrated mining network*.

The Coordinator recognised that, while the existing network categories may not be suitable for Woodside's purposes, retaining the definitions as proposed by Woodside may lead to a number of unintended consequences, as identified in the PAC advice in section 5.2 and in Appendix A.

The Coordinator considered that the intent of Woodside's proposal could be better achieved by implementing rules developed specifically for the circumstances of the Pluto facility, rather than

relying on the *integrated mining network* category as a template. As such, the Coordinator has removed rule 5A and the associated definitions, and has proposed a range of new definitions related to the specific circumstances of the Pluto facility. This provides a fit for purpose process under which the Pluto facility, with its specific technical requirements, can connect to the NWIS and retain the degree of operational independence sought in Woodside's proposal. Further explanation of these proposed changes is outlined in section 6.2 below.

Applicability to other connection applicants and systems

The Coordinator notes that while Woodside refers to the benefits the *rule change proposal* will provide to the broader LNG industry, the current drafting of the *integrated LNG network* provisions in many cases specifically relate to the circumstances of the Pluto Facility. This may limit the use of these categories by other types of facilities and networks seeking to connect to the NWIS in a similar manner in the future.

In its final advice to the Coordinator, the PAC highlighted that consideration should be given to the extent to which the proposed rule change can be more broadly applied to other connecting facilities, rather than being unique to Woodside.

The Coordinator considers that this intent could be better captured in the proposed rules by broadening the definition of integrated LNG network and associated definitions, and making other minor amendments to ensure the alternative connection process is available to other connection applicants. As such, the Coordinator has removed the proposed rule 5A and inserted a new subchapter 1.5A, which outlines provisions for a new class of *integrated facility*.

The Coordinator considers the amendments to the proposed rules to be more consistent with the *Pilbara electricity objective*, as the drafting allows for future connections types which may help to incentivise investment in the region. This will also reduce the likelihood that other facilities of a similar nature may seek to pursue bespoke arrangements under the PNR. Further detail on the Coordinator's amendments is outlined in section 6.2 below.

6.1.2 Woodside as a registered network service provider

Under Woodside's *rule change proposal*, the relevant Woodside entity would become the registered NSP for the Pluto Facility and deliver upon all its obligations under the PNR. This was provided for by an amendment to the definition of NSP to include an *integrated LNG network* as a non-covered network. Some of the obligations on Woodside as an NSP were then limited by new rule 5A of Woodside's proposal.

Rio Tinto noted in its submission that Woodside would not carry out the relevant functions of a registered NSP, as the technical differences of the Pluto distribution network mean it is not of the same class as the Horizon Power, Rio Tinto and Alinta networks. Rio Tinto further submitted that the HTR obligations placed on NSPs, are obligations which should be discharged by Horizon Power in relation to the Pluto facility, as the NSP that is connecting a facility to its network at the *connection point*.

Woodside's *rule change proposal* also included related amendments to the calculation of the ISO fees, to ensure that related NSPs are treated as a single NSP for the purposes of that calculation. This was intended to address the unintended consequence that the NSPs at the Pluto Facility and at Woodside's new solar farm at Maitland would each be liable for one-fifth of the ISO's fees.

As further outlined in section 6.2, the Coordinator has made amendments to the proposed drafting so that under the new subchapter 1.5A, an *integrated facility network* is deemed to be an excluded network.

The amendments mean that Woodside's Pluto network would be treated as part of the *consumer facility* that it supplies. The amendments will also require the registered NSP (Horizon Power) to which the Pluto facility is connected, to disconnect the facility from the NWIS if it is required to do so under the PNR. Further detail on these changes is provided under section 6.2.

6.1.3 Introducing compliance with the HTR at the connection point

In its *rule change proposal*, Woodside noted that the Pluto Facility was designed before the implementation of the Pilbara Electricity Reforms, and before the HTR were applied for connection to the NWIS. Woodside raised the concern that any material upgrade that may be required to achieve compliance with the HTR presents an unknown compliance burden on the Pluto Facility, with associated cost, resourcing and timing impacts.

Under Woodside's proposed new rule 5A, compliance with the HTR for an *integrated LNG network* would therefore be assessed at the point of interconnection with the NWIS.

Assessment of existing options for derogations

As drafted, the *rule change proposal* would provide for the Pluto Facility to connect to the NWIS and be fully compliant with the HTR at the interconnection point, but not behind it. In assessing Woodside's proposal, the Coordinator considered whether the intent of these amendments could be achieved using the existing exemption and derogation mechanisms under the PNR.

Both Alinta and Rio Tinto noted in their submissions that the PNR already contains processes for seeking exemptions and derogations from both the PNR and HTR and requested that these processes be utilised where practicable. It was noted that providing for user specific derogation regimes may set a precedent upon which future connection applicants may seek to connect to the NWIS on the basis of bespoke arrangements.

While Woodside recognised the existing derogations framework under the PNR, its *rule change proposal* highlighted the need for a more certain and durable exemption than what is currently available under the PNR. Under rule 64 of the PNR, any person may apply to a *registered NSP* for an exemption to be varied and revoked, and the ISO may at any time and in its own discretion, propose a variation or amendment to an exemption.

The Coordinator acknowledges the issues raised by Alinta and Rio Tinto, but notes the importance of Woodside's requirement for certainty. As highlighted in section 6.1.2 above, the Coordinator's amendments to the proposed rules mean that Woodside will no longer be a registered NSP and its network will not be treated in the same way an *integrated mining network*.

Alinta and Rio Tinto's concerns have also been mitigated by broadening the proposed definitions, and ensuring that other facility types can seek to utilise the new *integrated facility* category when seeking to connect. The Coordinator considers that this will reduce the likelihood that additional bespoke categories are pursued in the future.

Assessment of compliance at the connection point

One of the key issues raised in all submissions, and discussed at length by the PAC, is how compliance with the HTR at the *connection point* could be practically assessed and achieved. Concerns were also raised on the potential impact of these on the security and reliability of the NWIS.

Rio Tinto noted that it was unable to see how the proposal could be practically implemented, given the inherent nature of the power system and the technical requirements in the HTR, which are specifically placed on generator and consumer facilities to maintain the power system within a secure state. Alinta raised concerns that an exemption from compliance with the HTR behind the point of connection could expose other NWIS users to supply interruptions and cause potential issues in contingency events.

Horizon Power was supportive of the proposed arrangement, and recommended that guidance on how HTR compliance should be assessed at the point of interconnection for *integrated LNG systems* could be developed by the ISO (once the *rule change proposal* is accepted).

It was recognised under stage 1 of the TWG that assessment of connection point compliance would need to involve the development of compliance criteria and would require further amendments to the PNR. In response to the PAC advice, the Coordinator held a regulatory

workshop on 25 October 2022 (summarised in section 5.5.1), which provided a view on the nature of the regulatory arrangements that would be needed to empower such a criteria. The outcomes of this workshop and the TWG has guided the Coordinator in the assessment of this element of Woodside's proposed changes.

Criteria for connection point compliance

One of the key outcomes of Stage 2 of the TWG was to provide advice to the PAC on whether Horizon Power's proposed compliance criteria was suitable for assessment of *connection point* compliance. The PAC was advised that there was general consensus by the TWG participants that a draft compliance criterion would assist in assessing compliance at the *connection point*. The TWG members were comfortable with Horizon Power's draft criteria being used for further amendments to the PNR, with clarifications on some points made in TWG participants formal submissions.

The development of further amending rules was also supported by attendees at the Coordinator's regulatory workshop, where there was general consensus that the amending rules should:

- provide for the development of criteria for assessment of compliance at the *connection point*;
- not preclude Woodside from remaining subject to the compliance and enforcement regime under chapter 12; and
- specify triggers for reassessment of compliance at the *connection point*.

Alinta and Rio Tinto had both previously noted that this kind of compliance arrangement under the PNR should not continue in perpetuity, and that connection of new equipment or material changes to existing equipment, or if the ISO identifies an impending security risk, should be assessed on a case-by-case basis. These concerns have been addressed in the Coordinator's amendments in section 7, which includes triggers for reassessment (e.g. when there is a material upgrade to a facility).

Additional amending rules

Based on guidance from the PAC (on the basis of the TWG outcomes), the Coordinator has determined that this compliance pathway would need to begin with assessment of compliance with the HTR behind the *connection point*, at the component level. If an instance of non-compliance is identified, the connection applicant could then propose a solution(s) to manage the impact that ensures compliance can be achieved at the *connection point*.

This would be guided by an ISO Procedure, and there would need to be agreement on the proposed solution with the ISO and relevant registered NSP. The Coordinator notes that this framework addresses many of the concerns from submissions, particularly around the ISO's ability to undertake its key function and the need to mitigate risks to power system security and reliability.

The Coordinator considers that the agreed outcomes are now captured under the new subchapter 9.3 – "Compliance at connection point", which outlines a new class of measures relevant for *connection point compliance*, and empowers the development of an ISO Procedure that will guide potential applications and their assessment for connection on this basis.

The structure and purpose of these new amending rules are further explained below in section 6.2. The Coordinator is satisfied that any risks to the NWIS stemming from compliance at the *connection point* can be effectively managed, on the basis of the amending rules outlined in section 7.

6.1.4 Limitations on ISO Directions

Under the current PNR, the Pluto facility would be required to comply with system operations directions by the ISO or the relevant NSP. A key change proposed by Woodside under rule 5A and amendments to rule 172 was to ensure that system operations directions cannot be given in a form that would interfere with the operation of the Pluto facility, and especially would not require Pluto to export electricity into the NWIS.

Under the proposed changes to subchapter 7.2, an NSP of an *integrated LNG network* would not need to comply with any procedure, direction or protocol, except to the extent that is required to reduce its withdrawal of electricity at the relevant *connection point*, disconnect at the relevant *connection point*, or reduce its injection of electricity at the relevant *connection point*.

The ISO, Alinta and Rio Tinto raised concerns that this aspect of the *rule change proposal* may present risks to system security and reliability and adversely impact several functions of the ISO. First period submissions (outlined in detail in Appendix A) highlighted a number of issues with restrictions ISO directions, including:

- Alinta noted the limitation on the ability of the ISO to direct the Pluto Facility may also lead to disproportionate loss of autonomy and unfavourable impact on other facilities.
- Alinta further noted even though the Pluto facility only intends to import electricity from the NWIS, following a contingency event in the Pluto system, uncontrolled active and reactive power flowing into the NWIS may trigger further disturbances before action can be taken.
- Rio Tinto noted that these notices, protocols and directions are designed to respond to contingencies, which threaten power system security, for the purpose of maintaining or restoring power system security, and could not see how limiting them is consistent with the *Pilbara electricity objective*.
- The ISO noted the potential risks to system security and reliability as a result of placing restrictions on the ISO's ability to direct the Pluto Facility.

In Horizon Power's view, the *rule change proposal* seeks to reduce Woodside's uncertainty associated with ISO involvement and direction in exchange for more robust disconnection powers. The ISO noted that many of the above impacts may be unintended and was confident they could be adequately mitigated through further consultation with the TWG.

Assessment of the impacts on the security and reliability of the NWIS

In its initial advice to the Coordinator, the PAC raised concerns about limiting the ISO's ability to direct a facility, and questioned whether this was consistent with the *Pilbara electricity objective*.

The TWG was directed to consider this issue at length, and stage 2 of its work involved a qualitative assessment of the system operation functions and network risk during contingency events. A risk assessment table was developed by the ISO control desk, and TWG attendees considered the relevant scenarios at length (see section 5.1.3). There was general consensus that any network contingency risks on the NWIS can be adequately managed with the *rule change proposal*. This view was reflected in the PAC's final advice to the Coordinator.

Restrictions on directions to the Pluto facility

The Coordinator acknowledges that there has been general consensus by both the PAC and the TWG that any contingency risks to system security and reliability can be effectively managed, even with the *rule change proposal* limiting the ISO directions to three specific circumstances.

To address the remaining concerns raised in first period submissions (see Appendix A) and by TWG participants, the Coordinator has developed amending rules which separate *connection point compliance* under subchapter 9.3, from a new rule 188A – “restrictions on directions to Pluto facilities” and associated definitions related specifically to the Pluto facility. This means future applicants seeking to connect as an *integrated facility* would not be subject to similar restrictions on system operations directions, reducing the likelihood of future risks to the NWIS. Further detail on the structure and content of the Coordinator's amendments are outlined in section 6.2 below.

6.2 Additional Amendments to the Proposed Amending Rules

The Coordinator has made a number of changes to the proposed *amending rules* following the first submission period. A high level summary and rationale for these changes is outlined below and the

amending rules can be found in section 7 of this report. The Coordinator considers that these changes achieve the intent of Woodside's original *rule change proposal*, while addressing the key issues raised by the PAC and in submissions.

Integrated facilities

The Coordinator has drafted amendments to introduce a new *integrated facility* category under subchapter 1.5A, which includes the following provisions:

- new definitions for *integrated facility* and *integrated facility network* (rule 25A);
- an outline of how the PNR applies to *integrated facilities* (rule 25B); and
- classification of an *integrated facility network* as an *excluded network* (rule 25C).

An *integrated facility* will be treated as an *excluded network*. A connection applicant for an *integrated facility* will be able to apply for compliance with the HTR to be assessed at the *connection point* (in accordance with subchapter 9.3). The integrated facility provisions replace Woodside's proposed rule 5A and the related provisions for *integrated LNG networks*.

Pluto facilities

The Coordinator has drafted amendments under new rule 188A for a newly defined class of '*Pluto facilities*'. This includes the following provisions:

- new definitions for *Pluto facility*, *Pluto recipient* and *Pluto connection point* (rule 188A(1)(a) and (b));
- restricting the ISO directions that can be issued to the Pluto facility to a defined class of Pluto permitted directions;
- requirements on the power to disconnect the Pluto facility (rule 188B); and
- clarifications that ISO directions in an emergency are still subject to rule 188A.

These amendments provide an alternative framework to the provisions in Woodside's proposed rule 5A, which would have provided for limits on ISO directions for all *integrated LNG networks*. There are only three *Pluto permitted directions*, and these retain the original wording in Woodside's proposal. These amendments also have the effect of replicating Woodside's proposed changes to the grounds for non-compliance under rule 172.

Connection point compliance

The Coordinator has introduced a new subchapter 9.3, which outlines the process by which an *integrated facility* may apply for *connection point compliance*. This includes the following key provisions:

- New definitions for *connection point compliance*, *non-compliant components* and *CPC measures* (rule 274A);
- The process by which a connection applicant may apply for *connection point compliance* (rule 274B);
- The process for assessing the application and for agreeing *CPC measures* (between the applicant, ISO and relevant NSP)(rule 274D);
- The permitted content, standards, obligations and disclosures in relation to the CPC measures (rule 274E to rule 274H);
- Provisions for meeting the costs of compliance at the connection point (rule 274I);
- The impact of modifications to an *integrated facility* on the status of connection point compliance (rule 274J); and
- Development and content for the ISO's *connection point compliance* procedure (rule 274K).

The Coordinator has developed these rules on the basis of the guidance from the PAC and the Coordinator’s regulatory workshop. The new subchapter 9.3 outlines a clear process by which any facility, if it meets the definition of an *integrated facility*, may apply for *connection point compliance*.

Further amended definitions

The Coordinator has amended the following existing definitions under the PNR as a result of the proposed changes:

- *Excluded network* – has been amended to clarify that an *integrated facility network* is an *excluded network*.
- *Facility* – has been amended to include an *integrated facility*.

Amending Typographic Errors and Clarifications

The Coordinator has made a number of additional minor amendments which include:

- The definition of *equipment* has been amended in Rule 8 to include ‘storage’ to correct an omission.
- Rule 182(4), rule 188(2)(v) and rule 218(1)(c) have been amended to remove the reference to *private power system* and replace it with an *integrated mining network* as it is only intended to apply to an *integrated mining network*.
- Rule 4 was amended to include a note to clarify that definitions stating that a network “forms part of the NWIS” still refer to a network connected to the NWIS.

6.3 Pilbara Electricity Objective

The Coordinator has had regard to the matters in regulation 4 of the Regulations and considers that the proposed *amending rules*, as modified, are consistent with the *Pilbara electricity objective* as outlined below.

a) The contribution of the Pilbara resources industry to the State’s economy and the nature and scale of investment in the Pilbara resources industry

The new process for *connection point compliance* will promote future investment in Pilbara networks by removing potential barriers for Woodside, other LNG facilities and other facility types that may wish to connect to the NWIS. As Woodside noted in its proposal, this rule change will be a critical step in providing for the participation of the Pilbara LNG industry in the NWIS.

By broadening the scope of the *amending rules* to ensure other facility types can utilise the connection process, the Coordinator acknowledges the full range of resource industry participants and their importance to the State.

b) The importance to the Pilbara resources industry of a secure and reliable electricity supply

The issue of fundamental importance throughout the consultation on this *rule change proposal* has been the impact of the proposed changes on the security and reliability of the NWIS. By addressing the outcomes of the TWG and advice from the PAC in amendments to the proposed rules, the Coordinator is confident that any potential risks to security and reliability can be effectively managed with the progression of the *rule change proposal* (see section 6.1.4).

c) The nature of electricity supply in the Pilbara region, including whether or not regulatory approaches used outside the Pilbara region are appropriate for the region, Pilbara network users and Pilbara networks

In providing for an alternative *connection point compliance* process for eligible facility types, the Coordinator’s amendments to the proposed rule changes recognise the unique nature of electricity supply arrangements that exist in the Pilbara region.

d) Any other relevant matter

As recognised by the PAC, by providing for the connection of the Pluto facility to the NWIS, this *rule change proposal* will facilitate decarbonisation via the connection of the Woodside's solar farm at Maitland. This connection will significantly increase the generation capacity connected to the NWIS as well as increasing renewable energy generation and use.

The Coordinator further notes that the holistic assessment of this *rule change proposal* has only been possible thanks to the good faith collaboration and input by the ISO, PAC members, Woodside, and other TWG members and participants at the Coordinator's workshop. As noted by the PAC, establishing the TWG was a positive way to resolve any technical issues and concerns around the proposal and to ensure it is consistent with the *Pilbara electricity objective*.

6.4 Protected Provisions

Woodside's original *rule change proposal* proposed changes to rule 129 and rule 248(2), which are both *protected provisions* under clause A2.8.13 of the PNR.

Under the Coordinator's amendments to the proposed *amending rules*, Woodside will no longer be defined as a *registered NSP*, and as such there will be no changes required to the determination of fees under rule 129 of the PNR.

Woodside's proposed amendment to rule 248(2) relates to a review of how unconstrained access could be implemented. The Coordinator has removed this change from the proposed amending rules, as it will only be applicable if Woodside's Pluto network was to become a *covered network*. The Coordinator considers the matter would be more appropriately addressed by a future *rule change proposal*, if and when it becomes relevant.

As the modified *rule change proposal* no longer impacts protected provisions, the Minister for Energy will no longer be required to approve the rules, and the timeframe for the *rule change process* has been adjusted accordingly.

6.5 Reviewable Decisions

The proposed *amending rules* do not include changes to any clauses that contain *reviewable decisions*, and the Coordinator does not consider that any of the *amending rules* should be made *reviewable decisions*.

6.6 Cost and Practicality of Implementation

6.6.1 Cost

The ISO has indicated that key costs that will result from the *amending rules* include the impact on the ISO Control Desk, and the potential changes that will be required to monitor compliance based on the *connection point compliance* process under new subchapter 9.3. The ISO has provided a preliminary estimate to the Coordinator of the costs, which are anticipated to be up to (but likely less than) 10% of the current annual cost of the ISO Control Desk.

The ISO indicated in its submission that it may be required to undertake a number of tasks relevant to the connection process for the Pluto facility. However, these are standard costs that would result from any access and connection process, including:

- undertaking model testing and power system studies, and updating ISO's power system model outside of its regular release to cater for the new connection;
- catering for additional data visibility points from the Pluto facility;

- including the Pluto Facility in the power system model to assess generation adequacy across the network; and
- taking into account the Pluto Facility when undertaking any future power system analysis that is required for network operation and for maintaining and/or improving network stability.

Under the Coordinator's additional amendments to the proposed *amending rules* (see section 7), the costs of implementing and complying with the *CPC measures* for an *integrated facility* are to be met by the applicant.

6.6.2 Practicality

Once the *amending rules* are commenced, the ISO will be required to develop the *connection point compliance* Procedure in accordance with the Coordinator's amendments in subchapter 9.3. The ISO has indicated that this procedure can be developed as a matter of priority under the interim procedure provisions in sub-appendix 4.8.

The Coordinator will engage with the ISO to provide a more exact estimate of the time and effort that will be required to develop the procedure.

6.6.3 Assessment

The Coordinator considers that any costs that will arise from implementing the rule change proposal will be outweighed by the benefits of connecting the Pluto Facility to the NWIS. The benefits are outlined in full under the Coordinator's assessment of the proposal against the Pilbara electricity objective, in section 6.3.

7. Amending Rules

The Coordinator has determined to implement the following *amending rules* (~~deleted text~~, added text, rules that are included for context but not amended). The Amending Rules are presented below, marked up against the Pilbara Networks Rules Version 3 as at 7 December 2022.

Table to rule 4

Class	Networks in class	Extent to which these rules apply to a network in the class
1A	A <i>covered network</i> forming part of the <i>NWIS</i>	All rules apply.
1B	An <i>integrated mining network</i> forming part of the <i>NWIS</i> , and which is not a <i>covered network</i>	Subject to rule 5, all rules apply, unless expressly limited to <i>covered networks</i> .
1C	An <i>excluded network</i> forming part of the <i>NWIS</i>	Treated in these rules as a “facility”, not a “network” – see Subchapter 1.5. All rules that apply to a “facility” apply to it.
1D	A <i>non-covered network</i> forming part of the <i>NWIS</i> , which does not fall in Class 1B or 1C.	All rules apply, unless expressly limited to <i>covered networks</i> .
2	A <i>covered network</i> which does not form part of the <i>NWIS</i>	Subject to Subchapter 1.6, all rules apply.
3	A <i>non-covered network</i> which does not form part of the <i>NWIS</i>	Rules do not apply unless explicitly stated.

{Notes to the above table —

- [A network which is connected to the *NWIS* “forms part of” the *NWIS* – see definitions of “*NWIS*” and “*interconnected Pilbara network*”.](#)
- If a *NWIS network* which was previously an *integrated mining network* or *excluded network* becomes *covered*, then on its *coverage commencement date* it will convert to Class 1A.
- If a *non-NWIS network* forms part of an *integrated Pilbara system* (i.e. other than the *NWIS*), then it is dealt with in Class 2 if *covered*, and Class 3 if *non-covered*.
- The rules which apply to Class 3 *networks* align with the ISO’s functions under section 120W(4)(d) of the Act, which are —
 - “(i) to collect and consider information relating to the operation, management, security and reliability of [such] Pilbara networks; and
 - (ii) to report as specified by the regulations to the Minister, the Authority or a specified person on those matters; and
 - (iii) to publish information on those matters.”}

8 Glossary

<p>consumer facility {a.k.a. “consumer equipment” in the harmonised technical rules}</p>	<p>means the <i>equipment</i> used for, or in connection with, or to control, the consumption of electricity withdrawn from the <i>network</i> at a <i>connection point</i>, and—</p> <p>a) <u>for an <i>integrated facility</i>, includes such <i>equipment</i> forming part of the <i>integrated facility</i>; and</u></p> <p>b) <u>for an <i>excluded network</i> being treated as a <i>consumer facility</i> under rule 21(2), includes the <i>excluded network</i>.</u></p>
<p>CPC measures</p>	<p><u>means, for an <i>integrated facility</i>, the suite of measures which has been agreed and recorded for the <i>facility</i> under rule 274C.</u></p>
<p>CPC procedure {for “connection point compliance” procedure}</p>	<p><u>means the procedure established by the ISO under rule 274K.</u></p>
<p>equipment</p>	<p>means wires, apparatus, equipment, plant and buildings used, or to be used, for or in connection with, or to control, the generation, transportation, <u>storage</u> or consumption of electricity. [Drafter’s note: Correcting a typographic error.]</p>
<p>excluded network</p>	<p>means a <i>non-covered network</i> which —</p> <p>a) is listed in rule 23 (Excluded networks at rules commencement); OR</p> <p>b) has been the subject of a determination under rule 24(1) (Becoming an excluded network); <u>OR</u></p> <p>c) <u>is deemed to be an <i>excluded network</i> under rule 25C (Integrated facility network is an excluded network).</u></p> <p>and which has not ceased to be an <i>excluded network</i> under rule 25.</p>
<p>facility</p>	<p>means —</p> <p>a) generation facility; OR</p> <p>b) a consumer facility; OR</p> <p>c) <u>an <i>integrated facility</i>.</u></p>
<p>generation facility {a.k.a. “power station” in the harmonised technical rules}</p>	<p>means the <i>generating works</i> at a particular location, comprising one or more <i>generating units</i> and the associated supporting <i>equipment</i> and resources; but</p> <p>1 {Example — The supporting <i>equipment</i> may include black start equipment, step-up transformers, substations and the power station control centre.}</p> <p>a) <u>does not include such <i>generating works</i> if their combined <i>injection</i> capacity at a <i>connection point</i> is less than 10MW; and</u></p> <p>b) <u>includes the <i>generating works</i> forming part of an <i>integrated facility</i></u></p>
<p>integrated facility</p>	<p><u>is defined in rule 25A(1)(a).</u></p>
<p>integrated facility network</p>	<p><u>is defined in rule 25A(1)(c).</u></p>
<p>Pluto connection point</p>	<p><u>means a <i>connection point</i> connecting the <i>Pluto facility</i> to the NWIS.</u></p>
<p>Pluto facility</p>	<p><u>means the <i>integrated facility</i> located on the <i>Pluto site</i>.</u></p>
<p>Pluto permitted direction</p>	<p><u>is defined in rule 188A(1).</u></p>
<p>Pluto recipient</p>	<p><u>is defined in rule 188A(1).</u></p>
<p>Pluto site</p>	<p><u>[Drafter’s note: Details to be confirmed] means the roughly 204.5 hectare site on the Burrup Peninsula comprising:</u></p>

	<p>a) Lot 384 on Deposited Plan 220146, being Certificate of Title Volume 2671 Folio 981; and</p> <p>b) Lot 572 on Deposited Plan 28209, being Certificate of Title Volume 2671 Folio 979; and</p> <p>c) Lot 573 on Deposited Plan 28209, being Certificate of Title Volume 2676 Folio 184; and</p> <p>d) Lot 574 on Deposited Plan 28209, being Certificate of Title Volume 2671 Folio 980.</p>
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19 If controller or network user comprises more than one person

If —

- (a) more than one *controller* (a “**controller group**”) owns, controls or operates a *facility’s equipment* or part of a *facility’s equipment* (including if different *associates* own, control or operate different *equipment* which is operated as a single **integrated facility**); or
- (b) the *network user* under a *network access contract* comprises more than one person (a “**network user group**”),

then rule 18 applies in respect of the *controller group* or *network user group*, with appropriate amendments including reading references to the “complying NSP” as a *controller* or *network user* performing the equivalent role in respect of the *controller group* or *network user group*, as applicable

Each group may have only one registered representative

- (1) There must be only a single *registered NSP* for a *network* or *network element*, and only a single *registered controller* for a *facility* or **integrated facility**, and only a single *registered user* in respect of a *network access contract*.
- (2) ...

Subchapter 1.5A – Integrated facilities

{An “**integrated facility**” is one which combines generation (> 10 MW) and load (consumption) on one site, possibly with other *equipment* including *storage works*. This Subchapter sets out how these rules apply to an *integrated facility*.}

25A Definitions

- (1) An “**integrated facility**” comprises all the electrically interconnected *equipment* and *networks* located on a single site which —
 - (a) connect to the *NWIS* through a single *connection point*; and
 - (b) include both —
 - (i) {**consumption**} *equipment* used for, or in connection with, or to control, the *consumption of electricity withdrawn from the network*; and [Drafter’s note: Copied from “consumer facility”].

(ii) {generation} generating works having an aggregate capacity greater than 10MW, comprising one or more generating units and the associated supporting equipment and resources; [Drafter's note: Copied from "generation facility".]

and

- (c) may include storage works and other equipment; and
- (d) includes a non-covered network ("integrated facility network") to connect the above equipment to each other and to the NWIS.
- (2) In rule 25A(1) —
- (a) the site must be a single contiguous site, whether comprised of a single parcel of land or multiple adjacent parcels of land; and
- (b) land tenure which consists of two or more sites joined only by infrastructure corridors (including for gas, electricity, road or rail) and not otherwise contiguous with each other, do not comprise a single contiguous site; and
- (c) a generation facility does not qualify as an integrated facility merely because the supporting equipment and resources associated with its generating units may draw electricity from the network if all generating units are off, or in other abnormal operating conditions.

25B How these rules apply to integrated facilities

- (1) Except to the extent they provide otherwise, these rules (including the harmonised technical rules) apply to and in respect of all equipment in an integrated facility.
{For example, these rules may provide otherwise by way of exemption or under Subchapter 9.3.}
- (2) For the purposes of rule 25B(1), an integrated facility is to be treated as each of, as applicable:
- (a) a consumer facility; and
- (b) a generation facility; and
- (c) storage works.

25C Integrated facility network is an excluded network

- (1) An integrated facility network is an excluded network, until it ceases to be an excluded network under rule 25.
{The effect of rule 25C(1) is that the integrated facility network is not treated as a network under these rules (see rule 21(1)).}
- (2) For the purposes of applying rules 24 and 25 under rule 25C(1), rule 24(4)(b) does not apply.

77 ISO to prepare and maintain protocol framework

- (1) The ISO must, in consultation with (at least) registered NSPs and registered controllers, develop a procedure ("protocol framework") for the purposes of this Subchapter 3.7.

(2) The *ISO* must have regard to rule 5 when developing the *protocol framework*.

(3) *A protocol cannot authorise the giving of a system operations direction to the controller of the Pluto facility, unless the systems operations direction is a Pluto permitted direction {defined in rule 188A(1)}.*

91 Certain NWIS participants must register

{Under regulation 18, the requirement to register applies only in respect of the *NWIS*. If a *non-NWIS network* is to be covered, a decision will be made at the time as to whether registration is required.}

(1) The following *NSPs* must register with the *ISO* under rule 94 —

- (a) the *NSP* of a *covered NWIS network*; and
- (b) the *NSP* of a *non-covered NWIS network* which is not an *excluded network*.

{Each person registered under rule 91(1) is a “**registered NSP**”. If more than one person is the *NSP* for a *network* or *network element*, rule 20 requires that a single suitable person be designated for registration.}

(2) The following *controllers* must register with the *ISO* under rule 94 —

- (a) the *controller* of a *generation facility* on a *covered NWIS network*;
{The definition of “generation facility” excludes facilities below 10 MW.}
and
- (b) the *controller* of a *large consumer facility* which is supplied by an *excluded network*; and
- (c) the *controller* of each *facility* on a *non-covered NWIS network* which is, or is proposed to be, contracted to provide *essential system services* to *covered networks*; and
- (d) the *controller* of any other *facility* on a *covered NWIS network*, if the *ISO* has determined under rule 93 that the *facility* should be a *registered facility*; and
- (e) the controller of an integrated facility.

172 Grounds for non-compliance

(1) A person does not have to comply with —

- (a) rules 168, 169 or 170; or
- (b) a *procedure* (including the *protocol framework*), a *protocol* or a *direction*,
to the extent that the person believes in good faith that compliance —
- (c) is impossible; or
- (d) is inappropriate due to prevailing emergency circumstances; or
- (e) would be contrary to any law; or

- (f) may cause or exacerbate a situation which risks physical injury or death to any person or material damage to any *equipment*; or
 - (g) would be contrary to the *system security objective*.
[{For a *Pluto* recipient, rules 188A\(2\)\(a\) and \(3\) provide additional grounds for non-compliance.}](#)
- (2) Rule 172(1) does not authorise a person to not comply with an obligation listed in paragraphs (a) or (b) of that rule, on any or all of the following grounds —
- (a) that compliance may be inconvenient; or
 - (b) that compliance may cause the person to breach a contract or an *instrument of delegation*; or
 - (c) that compliance may cause the person to incur additional costs.
- (3) If a person purports to rely on rule 172(1) to not comply with an obligation listed in paragraphs (a) or (b) of that rule, the person must *promptly* notify the *ISO control desk*, and must provide details of its reasons during any post-incident discussion or investigation.
[{Rule 188A\(4\) is a similar provision for a *Pluto* recipient which seeks to rely on rules 188A\(2\)\(a\) and \(3\).}](#)

182 Resolving scheduling conflicts

- (1) A “**scheduling conflict**” arises for a planned outage if the *ISO* determines that the outage taken together with all currently proposed or anticipated *notifiable events*, may cause the *power system* to be *outside the technical envelope*, or otherwise poses an unacceptable risk to *security and reliability*.
- (2) Wherever possible, *scheduling conflicts* are to be resolved by consensus between the *registered NSPs*, facilitated as necessary by the *ISO*.
- (3) If the *ISO* determines that a consensus will not be reached in time for the relevant *notifiable events* to be managed appropriately, the *ISO* may resolve the *scheduling conflict* by giving a *direction* to one or more of the affected parties [but cannot give such a direction to the *Pluto* facility’s controller](#).
- (4) If the *scheduling conflict* involves, or involved *facilities* in, both a *covered network* and an [integrated mining system private power system](#), the *ISO* must have regard to rule 5 in determining the content of a *direction* under rule 182(3). [Drafter’s note: Correcting a typographic error.]
- (5) A *direction* under rule 182(3) may specify which *notifiable event* is to have priority for scheduling purposes, and may contain such scheduling or other information or instructions as the *ISO* considers reasonably necessary to resolve the *scheduling conflict* and achieve the *system security objective*.

188 System operations directions

{Rule 86 sets out the obligation to comply with *directions*, and the circumstances in which compliance is excluded, e.g. where compliance may be illegal or unsafe.}

{Except when it is acting as an *incident coordinator* under rule 188(2), this rule 188 does not empower the *ISO* and *ISO control desk* to issue an operational *direction* of the sort contemplated here. The *ISO* does have other *direction* powers, e.g.

- a residual emergency power in rule 0;

- a limited power in respect of *pre-contingent actions* under rule 186;
- to manage *ESS* under Chapter 8;
- a *constraint direction*.)

- (1) **{Registered NSP’s general power}** Subject to rules 188(4) and 188(5), a *registered NSP* may at any time, for the purposes set out in rule 184(1), issue a *direction* in accordance with rule 188(3) to —
- (a) the *controller* of any *facility* connected to its *network*; and
- (b) a *network user* of its *network*.
- (2) **{Incident coordinator’s power under a protocol}** Subject to rule 188(5), the *incident coordinator* may at any time when permitted by rule 186 or while a *protocol* is *active* if permitted by the *protocol*, issue a *direction* in accordance with rule 188(3) to —
- (i) a *registered NSP* other than the *NSP* of an *integrated mining network*; and
- (ii) the *controller* of any *facility* (other than the *Pluto facility*) connected to a *covered network*; and
- (iii) an *ESS provider*; and
- (iv) a *network user* of a *covered network*; and
- (v) if necessary, to the *registered NSP* of an *integrated mining network*, or to the *controller* of a *facility* connected to an *integrated mining network*, but only to the extent and for the purposes set out in rule 5~~;~~:
- {Rule 5 sets out the extent to which these rules may affect the operation of an *integrated mining system* ~~*private power system*~~.}
 [Drafter’s note: Correcting a typographic error.]
- and
- (vi) subject to rules 188A(2)(a) and 188A(3) — to the *controller* of the *Pluto facility*.
- (3) **{Permitted content}** A *direction* under this rule 188 —
- (a) must be limited to what is reasonably necessary to achieve the primary objectives set out in rule 184(1), having regard to the secondary objective set out in rule 184(2); and
- (b) subject to rule 188(5), must respect *equipment limits* and *security limits*; and
- (c) must not exceed any limitations in, and must comply with any requirements of, the *protocol framework* or an *active protocol*,

but otherwise, subject to rules 188(3)(a), 188(3)(b) and 188(3)(c), may deal with any matter, and may require the recipient to do or not do (or continue doing or not doing) any thing, that the *registered NSP* or *incident coordinator* (as the case may be) considers reasonably necessary or convenient under *GEIP* to achieve the primary objectives set out in rule 184(1).

{Examples — A *system operations direction* under this rule 188 may —

- (**dispatch** and **constraint**) *direct a facility’s controller* to increase or decrease its *electricity injection* or withdrawal, either directly (for example, by manual intervention from a *control centre*) or indirectly or automatically (for example

by establishing or changing the configuration, settings or pre-programmed setpoints of automatic control systems); and

- **(settings)** requiring a *generator* to activate/deactivate machine settings such as Isoch/AGC; and
- **(outages)** cancel or defer a planned outage that has not yet commenced, or in extreme circumstances recall a facility from outage; and
- **(network)** perhaps, requiring a *registered* NSP to enable an alternative network path; and
- **(dealing with long outages)** if an outage is expected to last for some time, the *direction* may include taking steps to prepare for the next (i.e. second) contingency, i.e. to adapt to the post-contingent state as the 'new normal'.}

- (4) **{Directions and contractual powers}** If a *registered NSP* is empowered by this rule 188 to give a *direction* to a person, and also has a contractual power to impose a comparable requirement on the person, then the same notice can have effect as an exercise of the contractual power in accordance with its terms, and as a *direction* under this rule 188.
- (5) **{Use of overload ratings}** Unless the *protocol framework* or a *protocol* provides otherwise, a *direction* seeking to utilise the *overload rating* of a *facility* or *network element* should not be given without first consulting the relevant *registered controller* or *registered NSP*.

188A Restrictions on directions to Pluto facilities

- (1) In this rule 188A —

(a) **“Pluto recipient”** means:

- (i) the controller of the Pluto facility; or
- (ii) a network user who has a right under a network access contract to either (or both) withdraw electricity from, or inject electricity into, the NWIS at the Pluto connection point (but only in connection with the network user’s rights and obligations at the Pluto connection point).

(b) **“Pluto permitted direction”** means a system operations direction [or notice under rule 191] issued to a Pluto recipient in connection with the Pluto connection point which requires the Pluto recipient to:

- (i) reduce the withdrawal of electricity at the Pluto connection point; or
- (ii) disconnect the Pluto connection point from the NWIS; or
- (iii) subject to rule 188A(2), reduce the injection of electricity at the Pluto connection point.

- (2) A Pluto recipient:

- (a) is not obliged to comply with a direction or notice of the type referred to in rule 188A(1)(b)(iii), to the extent that it believes in good faith that compliance may adversely affect the reliability, security or safety of the Pluto facility or compliance with applicable laws; but
- (b) if it purports to rely on rule 188A(2)(a) to not comply with a direction or notice, must instead disconnect the Pluto facility from the NWIS in accordance with rule 188B.

- (3) A Pluto recipient is not obliged to comply with a system operations direction [or notice under rule 191] issued to it in connection with a Pluto connection point, to the extent it is not a Pluto permitted direction.

{Rules 188A(2)(a) or (3) do not apply to a *constraint direction*.}

- (4) If a person purports to rely on rule 188A(2)(a) or (3) to not comply with a system operations direction [or notice under rule 191], it must promptly notify the ISO control desk, and must provide details of its reasons during any post-incident discussion or investigation.

188B Power to disconnect Pluto facility

- (1) The registered NSP of a network to which the Pluto facility is connected, the incident coordinator and the ISO control desk may, at any time and for any reason, disconnect the Pluto facility from the NWIS if it considers doing so is reasonably necessary under GEIP to achieve the primary objectives set out in rule 184(1).

{This rule covers direct action to disconnect. Alternatively, a *direction to disconnect* may be given. This would be a *Pluto permitted direction* – see rule 188A(1)(b)(ii).}

- (2) Subject to rule 188B(5), before a person exercises the power in rule 188B(1), it must give the controller of the Pluto facility as much advance notice of the upcoming disconnection as is practicable in the circumstances.
- (3) The controller of the Pluto facility may, at any time and for any reason, disconnect the Pluto facility from the NWIS if it considers doing so is reasonably necessary under GEIP to achieve the primary objectives set out in rule 184(1).
- (4) Subject to rule 188B(5), before the controller of the Pluto facility exercises the power in rule 188B(3), it must give the ISO control desk and the registered NSP of a network to which the Pluto facility is connected as much advance notice of the upcoming disconnection as is practicable in the circumstances.
- (5) The obligation to give notice in rules 188B(2) and 188B(4) does not apply if the need to disconnect is so urgent under GEIP to achieve the primary objectives set out in rule 184(1) that prior notice cannot reasonably be given.

189 Directions in emergencies

Despite anything in this Subchapter 7.5, or in the *protocol framework* or a *protocol*, but subject to rules 188A(2)(a) and 188A(3) —

- (a) a *registered NSP* may give a *direction* to a recipient named in rule 188(1); and
- (b) the *ISO* or the *ISO control desk* may give a *direction* to a recipient named in rule 188(2),

in whatever form and with whatever content it judges necessary, if it believes in good faith that emergency circumstances exist which justify its doing so under *GEIP*, including in order to maintain the *power system inside the technical envelope*, prevent death or injury or damage to *equipment*, or avoid *load shedding*.

191 ISO may intervene in respect of equipment which jeopardises security or reliability

- (1) If at any time the *ISO* determines that *equipment* being, or remaining, connected to a *network* creates a *credible risk* to *security* or *reliability*, and that the risk is not adequately

being managed by the *registered NSP*, it may give a notice to any or all of the *registered NSP*, a *network user* or the *controller* of equipment requiring the recipient of the notice to take steps to remedy the situation.

- (2) A notice under section 191(1) may do any or all of the following —
 - (a) require the *registered NSP* to decline permission to connect *equipment*; and
 - (b) require the *registered NSP* to perform a function or exercise a power under these rules in a particular way; and
 - (c) require the recipient of the notice to disconnect *equipment* or procure its disconnection; and
 - (d) require the recipient to take, or procure the taking of, any other reasonable measure with a view to achieving the *system security objective*; and
 - (e) specify the time within which a thing is to be done, including immediately; and
 - (f) withdraw, amend or supplement a previous notice under section 191(1).

(2A) A notice under section 191(1) is subject to rules 188A(2)(a) and 188A(3).

- (3) A notice under section 191(1) may be given at any time in respect of existing, proposed or contemplated *equipment*.
- (4) If a notice under section 191(1) concerns issues of technology selection or design for proposed or contemplated equipment, the *ISO* must endeavour to give the *registered NSP* and controller either a notice, or advance warning of a contemplated notice, as early in their design process as possible, but a failure by the *ISO* to do so does not invalidate any notice given or limit the *ISO*'s power under section 191(1) to give a notice at any time.
- (5) The *ISO* must —
 - (a) have regard, among other things, to the compliance, opportunity, delay and other costs which may arise from a notice under section 191(1); and
 - (b) whether or not, and before and after, it issues a notice under section 191(1) (and to the extent practicable and consistent with the *system security objective*) endeavour to —
 - (i) resolve any *security* or *reliability* issue collaboratively and consultatively, seeking to achieve the minimum practicable disruption, delay and cost to *registered NSPs*, *generators*, *controllers* and consumers; and
 - (ii) respect *registered NSPs*' *generators*' and *controllers*' freedom to manage, configure and operate their *networks* and equipment as they see fit in accordance with these rules and *GEIP*.
- (6) A notice under section 191(1) may be given despite any prior consent, approval or other notice given by the *ISO*.

(6A) Subject to rules 188A(2)(a) and 188A(3), the recipient of a notice under section 191(1) must comply with the notice. [Drafter's note: This obligation to comply was previously merged into subrule (7).]

- (7) A notice under section 191(1), and any other matter arising under this section 191, may be the subject of a rules *dispute*, but unless the *ISO* (in its absolute discretion and on such

conditions as it considers fit) grants permission otherwise, ~~the recipient must comply with a notice under section 191(4)~~ rule 191(6A) applies pending resolution of the dispute.

- (8) The ISO's power to intervene under this rule 191 does not displace the *registered NSP's* responsibility under rule 269.

218 Balancing points

- (1) The following are the “balancing points” on a covered network —

...

- (c) an interconnection point between the covered network and a non-covered network (including an integrated mining system~~private power system~~ and an excluded network); [Drafter's note: Correcting a typographic error.]

{Interconnection points between covered networks are not balancing points under these rules. However, the EBAS engine will make calculations at those points to determine net network loads, and legacy rights can exist at these points under Subchapter 9.1.}

...

267 Definitions

- (1) In ~~this~~ Subchapter 9.2 and Subchapter 9.3 —

- (a) “**new connection**” means any situation in which a person (“**connection applicant**”) seeks a *registered NSP's* approval regarding —
- (i) the creation of a new *connection point* on the *registered NSP's* network; or
 - (ii) in respect of an existing *connection point* — any change in the level of permitted *injection* or *withdrawal* of electricity, or in the technical characteristics of *facilities connected*, or to be *connected*, at the *connection point*;

and

- (a) “**exempt connection**” means a *new connection* which satisfies the requirements set out in the *access and connection procedure* to be exempted from *ISO* supervision under rule 270.

274 ISO to develop procedure

The ISO may develop a *procedure* (“**access and connection procedure**”) in connection with its functions under this Subchapter 9.2 and Subchapter 9.3.

Subchapter 9.3 – Compliance at connection point

274A Definition of “connection point compliance”

In these rules “connection point compliance” means an arrangement in which —

- (a) an *integrated facility* includes one or more components (“**non-compliant components**”) which do not fully comply with these *rules* (including the *harmonised technical rules*) and have not been granted an exemption; but
- (b) the *controller* of the *facility*, with the *ISO*’s and the *registered NSP*’s agreement, implements or procures measures (“**CPC measures**”) to ensure that the *facility* as a whole complies with the *rules* at its *connection point*, despite any non-compliance by that component or those components.

274B Application for connection point compliance

- (1) A *connection applicant* seeking a *new connection* to the *NWIS* for an *integrated facility* may in accordance with the *CPC procedure* apply for *connection point compliance* by giving notice in writing to the *registered NSP* and the *ISO*.
- (2) A *connection applicant* may withdraw a notice under rule 274B(1) at any time.

274C Assessing the application and agreeing CPC measures

- (1) If a *connection applicant* applies for *connection point compliance*, then —
 - (a) each component of the *integrated facility* is to be assessed for compliance with these *rules* (including the *harmonised technical rules*) under Subchapter 9.2 in the usual way; and
 - (b) if a component does not comply with these *rules*, then in accordance with the *CPC procedure* —
 - (i) the *connection applicant* may propose one or more measures under rule 274D to address the non-compliance; and
 - (ii) the *connection applicant*, the *registered NSP* and the *ISO* are to endeavour in accordance with the *CPC procedure* to agree upon a suite of measures as described in rule 274D for the *facility* which meet the standard specified in rule 274E.
- (2) A *registered NSP* and the *ISO* are not required to reach agreement with the *connection applicant* on a suite of measures under rule 274C(1)(b)(ii).
- (3) If the *registered NSP* and the *ISO* in their discretion reach agreement with the *connection applicant* on a suite of measures under 274C(1)(b)(ii), then:
 - (a) the agreed measures are the “**CPC measures**” for the *facility*; and
 - (b) the *registered NSP* and the *ISO* must record the *CPC measures* in writing.
- (4) The *ISO* may in accordance with the *CPC procedure* terminate the process in rule 274C(1)(b)(ii) if it forms the view that agreement is unlikely to be reached.
- (5) A decision under rule 274C(4) may be the subject of a rules dispute or, if it arises in connection with an *access application*, an *access dispute*.

274D CPC measures – Permitted content

- (1) A suite of CPC measures may deal with any matter which the ISO and registered NSP consider necessary or convenient, to a GEIP standard, to satisfy the requirements of rule 274E.
- (2) Without limiting rule 274D(1) or Subchapter 9.2, the CPC measures may include:
 - (a) requirements for the installation, configuration and operation of equipment on the integrated facility's site; and
{The relevant equipment may be located elsewhere on the site than at the non-compliant component.}
 - (b) any actions to be taken, and any obligations with which the integrated facility and its controller must comply, both before and after energisation occurs; and
 - (c) any operating protocols which the integrated facility and its controller must follow while the integrated facility is connected to the NWIS.
{Examples: The operating protocols may include certain thresholds not to be exceeded, or which must not be exceeded while the NWIS is in a particular operating state or configuration}

274E CPC measures – Standard to be met

The registered NSP and the ISO must not agree to a suite of CPC measures unless satisfied to a GEIP standard that —

- (a) the measures, if implemented and maintained, are sufficient to ensure that the integrated facility complies with these rules (including the harmonised.
- (b) the measures, together with other powers under these rules, are sufficient to preserve (as applicable) the ISO's, the ISO control desk's, an incident controller's and a registered NSP's ability to manage to a GEIP standard —
 - (i) a credible contingency; or
 - (ii) any other credible threat to the NWIS's security or reliability which results from:
 - (A) energy or power flows or power quality at the integrated facility's connection point, or a disruption to any of these which is caused or contributed by something on the integrated facility's side (in electrical terms) of the connection point; or
 - (B) an event elsewhere in the NWIS.

274F CPC measures – Facility controller must comply

- (1) The integrated facility and its controller must comply with the CPC measures for the facility, at any time the facility is connected to the NWIS.
- (2) While rule 274G(1) is being complied with, but only for so long as the facility remains compliant at the connection point, a non-compliant component's non-compliance with these rules is to be disregarded.

274G CPC measures – ISO and registered NSP obligations

- (1) A registered NSP must not energise a new connection for which agreed CPC measures are in place, unless it is satisfied to a GEIP standard that the integrated facility's controller:
 - (a) has complied with all aspects of the CPC measures required to be complied with before energisation; and
 - (b) after energisation will continue to comply with all applicable requirements of the CPC measures.
- (2) The ISO and the registered NSP:
 - (a) must take the CPC measures into account when performing their functions under Subchapter 9.2; and
 - (b) may take any CPC measures into account when performing any function under the Act, the PNAC or these rules (including when preparing any procedure or protocol).

274H CPC measures – Disclosure

[Drafter's note: Adapted from rule 119 (Disclosure of modelling results)]

- (1) Subject to rule 274H(2), the ISO must wherever practicable disclose CPC measures and relevant supporting information to any person who requests them, and may publish them.
- (2) Rule 274H does not authorise the ISO to disclose information to the extent that it is confidential information, or is information from which confidential information could reasonably be inferred or derived, unless doing so is a permitted disclosure under Subchapter 11.2.
- (3) For the purposes of the balancing in rule 303(2), the ISO is to have regard to the desirability of all system participants being able to understand and assess for themselves any risks to security or reliability posed by an integrated facility connecting under this Subchapter 9.3, and how those risks are being managed by the CPC measures.

274I Costs of compliance at the connection point

- (1) The costs of making an application under this Subchapter 9.3, and of implementing and complying with the CPC measures for an integrated facility, are to be paid by the connection applicant.
- (2) A connection applicant giving a notice under notice under rule 274B(1) must pay the ISO's costs of performing its functions under Subchapter 9.2 and Subchapter 9.3 in connection with the notice, including if it withdraws the notice under rule 274B(3) and if the ISO makes a determination under rule 274J(3)(a).

274J Changed circumstances

[Drafter's note: Adapted from Appendix 3, clauses A3.6 to A3.10.]

- (1) In this rule 274J, a "potentially relevant modification" in respect of an integrated facility, means a modification to the facility, or equipment within the facility, which is of such a nature or scale that it has the potential to be judged a relevant modification under rule 274J(3).
- (2) The controller of an integrated facility which has been permitted to connect under this Subchapter 9.3 must notify the ISO of any potentially relevant modification to its facility.

- (3) A modification to the *integrated facility*, or *equipment* within the *facility*, is a “**relevant modification**” for the purposes of this rule 274J if —

 - (a) the *ISO* determines in accordance with the *CPC procedure* that the modification is such that it is reasonable in accordance with *GEIP* to re-assess whether the *CPC measures* in place for the *facility* will continue to meet the standard specified in rule 274E after the modification; and
 - (b) the *ISO* gives a *notice* to the *facility’s controller* of that determination.

- (4) The *ISO* may make a determination under rule 274J(3)(a) and give a notice under rule 274J(3)(b), whether or not the *integrated facility’s controller* gives a notice under rule 274J(2).
- (5) Before making a determination under rule 274J(3)(a), the *ISO* —
 - (a) must consult with the *facility’s controller* and the *registered NSP*; and
 - (b) may consult otherwise as it sees fit; and
 - (c) must consider the balance between the cost to the *facility’s controller* of repeating the Subchapter 9.3 process and the risk to the *facility’s controller* of a change in, or removal of, the *CPC measures*, against the resultant benefit in terms of *security*, *reliability* and the *Pilbara electricity objective*.
- (6) If the *ISO* gives a notice under rule 274J(3)(b) then, subject to the *CPC procedure*, this Subchapter 9.3 process (including rule 274C(2)) is to be undertaken afresh in respect of the proposed modified *integrated facility*.
- (7) The *CPC procedure* may provide for the *controller* of an *integrated facility* to request from the *ISO*, and the *ISO* in its discretion to provide, an advance determination under this rule 274J in respect of a proposed modification, in which case the *CPC procedure* is to set out the process for, and consequences of, that request and determination.

274K CPC (connection point compliance) procedure

- (1) The *ISO*, in consultation with the *registered NSPs*, is to develop a *procedure* (“**CPC procedure**”) for the purposes of this Subchapter 9.3.
- (2) The *CPC procedure* may set out:
 - (a) the *ISO’s*, the *registered NSP’s* and the *connection applicant’s* functions in connection with this Subchapter 9.3; and
 - (b) the process to be followed in making and assessing an application under rule 274B(1), unless the *ISO* in its discretion decides otherwise; and
 - (c) the information which the *registered NSP* and the *connection applicant* must provide to the *ISO*, including the studies and analysis they must undertake (but nothing in the *procedure* will limit the *ISO’s* ability to request any other information, studies or analysis); and
 - (d) the studies or analysis the *ISO* may undertake; and
 - (e) indicative (but non-binding) timeframes; and
 - (f) sample *CPC measures*, including measures for ongoing monitoring, verification and reporting of compliance at the *connection point*.

-
- (3) [Rule 274K\(2\) does not limit the matters the CPC procedure may deal with.](#)

Appendix 4

A4.57 Rules A4.58 to A4.60 apply to the following *procedures* —

- (a) a communications procedure under Subchapter 4.2; and
- (b) a visibility list; and
- (c) an *administration procedure* for the purposes of Chapter 4; and
- (d) a *budget and cost management procedure* for the purposes of Subchapter 4.5; and
- (e) an interim *procedure* to manage *essential system services*, energy balancing, and settlement; and
- (f) an *access and connection procedure* for the purposes of Subchapter 9.2; and
- (fa) [a CPC procedure for the purposes of Subchapter 9.3; and](#)
- (g) any other *procedure* which the ISO determines needs to be put in place sufficiently soon after the *rules commencement date* to make full consultation impractical.

Appendix A. Responses to Submissions Received in the First Submission Period

Issue	Submitter	Comment/Issue Raised	Coordinator's Response
Introduction of a bespoke network category			
1	Alinta	Alinta considers that the introduction of new and bespoke participant categories, is not good regulatory practice and may lead to the potential for individual participants to seek their own market rules to allow similarly broad exemptions.	See section 6.1.1 of this report.
2	Alinta	Connection applicants may face greater barriers to access, noting that exemptions that are not properly adjudicated per the processes contained in the PNR create an uneven playing field and may shift the burden of maintaining power system security onto a subset of users.	The Coordinator notes that the amending rules provide an alternative pathway to compliance rather than a range of exemptions. The limitations on ISO directions have been restricted to the Pluto facility, and the TWG has determined that any potential network risks can still be managed with the rule change.
3	Rio Tinto	Rio Tinto considers that approving user specific rules and derogations may result in a piece-meal, fragmented and inconsistent regulatory regime for the NWIS.	See section 6.1.1 of this report.
4	Rio Tinto	The creation of a new <i>integrated LNG network</i> category in the PNR is problematic. The core issue is that, in order to limit the application of the PNR and HTR to the Pluto Facility, the <i>rule change proposal</i> treats the Pluto distribution network as if it is a network of the type operated by Rio Tinto, Horizon Power and Alinta, when it is not.	See sections 6.1.1 and section Error! Reference source not found. of this report. Under the Coordinator's amendments to the rules, the new <i>integrated facility</i> class will be treated as an excluded network and will form part of a consumer facility. This recognises the differences between the Woodside network and the registered NSP's networks.
5	ISO	Given the lack of integrated LNG facilities that are connected to the grids in Australia and likely adaptable standards of prudent conduct, appropriate technical leadership and broadly relevant exemption frameworks in the PNR should be adapted as benchmarks for assessment.	See section 6.1.1 of this report.

Issue	Submitter	Comment/Issue Raised	Coordinator's Response
6	ISO	The ISO appreciates the conceptual elegance of adapting the <i>integrated mining system</i> definition but notes that the unique characteristics of an LNG facility introduces an element of uncertainty in relation to the project.	See section 6.1.1 of this report.
7	ISO	Proposed rule 5A provides that the PNR applies to <i>integrated LNG systems</i> to the extent necessary to achieve or promote certain <i>specified purposes</i> to a <i>good electricity industry practice (GEIP) standard</i> . While this approach is consistent with the drafting of an <i>integrated mining system</i> , the ISO is concerned that adopting a 'market' GEIP definition may introduce uncertainty. The ISO considers that the TWG should be asked to identify technical issues that arise from this aspect of proposed rule 5A and whether improvements or greater specificity may be required.	See section 5.1.3 of this report for the summary of the TWG findings.
8	Horizon Power	There is significant merit in having an <i>integrated LNG system</i> managed in a similar manner to integrated mining networks in this context, hence the rule change should be adopted in a timely fashion.	See section 6.1.1 of this report.
Existing derogations framework			
9	Rio Tinto	Rio Tinto considers that it is not appropriate to create new categories to accommodate on third party user when there are existing categories that can be used (with minor changes). It is not appropriate to treat the Pluto distribution network as being the same as the Rio Tinto, Horizon Power and Alinta networks when the category scheme reflected in the registration requirements of the PNR suggests that it should be treated in the same way as other generation facilities, consumer facilities and distribution networks.	See sections 6.1.1 and 6.1.2 of this report.
10	Alinta	Alinta considers that the PNR already contains processes for seeking exemptions and derogations form both the PNR and HTR and should be used if practicable. Alinta considers that the <i>integrated mining network</i> category should be utilised to cater for the connection of the Pluto facility and other LNG	See sections 6.1.1 and 6.1.2 of this report.

Issue	Submitter	Comment/Issue Raised	Coordinator's Response
		networks in the future and Woodside apply for specific exemptions and derogations under rules 57 and 64 of the PNR and where required.	
Restrictions on ISO directions			
11	Alinta	The proposal may limit the ability of the ISO to perform its primary function of maintaining and improving system security, may limit the ISO's role in the access and connections process. Alinta strongly considers that if at any point in time the ISO's modelling indicates that the Pluto facility may jeopardise power system security, then Woodside must be obligated to remedy any issues.	See sections 5.2 and 6.1.4 of this report. There was general consensus by the TWG and the PAC that any risks could be adequately managed.
12	Alinta	The limitation on the ability of the ISO to direct the Pluto Facility may also lead to disproportionate loss of autonomy and unfavourable impact on other facilities.	See section 5.1.3 and 6.1.4 of this report. There was general consensus by the TWG and the PAC that any risks could be adequately managed.
13	ISO	<p>The ISO anticipates that the following functions of the ISO may be adversely impacted by the <i>rule change proposal</i> or carry some degree of certainty.</p> <ul style="list-style-type: none"> • to maintain and improve system security across the Pilbara interconnected system; • to administer the protocol framework; • the ISO's ability to create, maintain, manage and operate the power system model; • to oversee the generation adequacy regime; • to procure ESS, energy balancing and settlement; and • to undertake rule compliance monitoring and enforcement. <p>The ISO believes that many of these impacts may be unintended and can be adequately mitigated through further consultation through the TWG.</p>	See sections 5.1.3 and 6.1.4 of this report. There was general consensus by the TWG and the PAC that any risks could be adequately managed.
14	ISO	In the ISO's view, the proposed limits on directions are problematic from a conceptual standpoint as they often	See sections 5.1.3 and 6.2 of this report.

Issue	Submitter	Comment/Issue Raised	Coordinator's Response
		require multiple decision-makers to make determinations in respect of whether certain thresholds have been satisfied.	
15	ISO	<p>As it is currently drafted, the proposed insertion of new rule 188(4)(c) may also have the effect of limiting:</p> <ul style="list-style-type: none"> (a) Horizon Power's powers of direction under an access contract; and (b) By extension, Horizon Power's statutory powers under the <i>Energy Operators (Powers) Act 1979 (WA)</i> in respect of various matters. <p>If the intention behind the proposed amendment is to allow for the PNR to override the provisions of access contracts under which an <i>integrated LNG network</i> obtains access to a covered network, the ISO notes that this should be considered by the TWG and Horizon Power.</p>	The proposed Rule 188(4)(c) has been amended by the Coordinator, now Rule 188A(1)(b), and as drafted, no longer limits Horizon Power's powers of direction under an access contract and its statutory powers under the <i>Energy Operators (Powers) Act 1979 (WA)</i> .
16	Rio Tinto	Rio Tinto cannot see how creating a limit (to directions) that only applies to the Pluto Facility can be consistent with the <i>Pilbara electricity objective</i> .	See section 6.1.4 of this report.
17	Horizon Power	In Horizon Power's view, many of the changes sought in the <i>rule change proposal</i> seek to provide more certainty for <i>integrated LNG systems</i> . The <i>rule change proposal</i> seeks a different trade-off for an <i>integrated LNG system</i> by reducing the uncertainty associated with ISO involvement and direction in exchange for more robust ISO disconnection powers.	See section 6.1.5 of this report.
Impact on system security and reliability			
18	Rio Tinto	Rio Tinto is concerned about rules proposed by Woodside which seek to limit the application of the PNR and HTR. Rio Tinto has some difficulty understanding how the proposal that the Pluto Facility be required to comply with the HTR only at the <i>connection point</i> can practically be achieved.	See section 6.1.3 of this report.
19	Alinta	Alinta considers that a blanket exemption from compliance with the HTR beyond the <i>connection point</i> may impact the security and reliability of the NWIS and expose other NWIS users to supply interruptions.	See section 6.1.3 and 6.1.4 of this report.

Issue	Submitter	Comment/Issue Raised	Coordinator's Response
20	Alinta	The rule change does not consider how balancing and ESS requirements and cost allocations will be managed.	See section 6.1.4 and section 6.6 of this report.
HTR compliance at the connection point			
21	Horizon Power	Horizon Power supports the assessment of HTR compliance at the point of interconnection and recommends that a guidance note on how HTR compliance should be assessed at the <i>connection point</i> for <i>integrated LNG systems</i> be developed by the Pilbara ISO once the <i>rule change proposal</i> is accepted.	See section 6.1.3 of this report.
22	Rio Tinto	Rio Tinto has some difficulty understanding how the proposal that the Pluto Facility be required to comply with the HTR only at the <i>connection point</i> can practically achieved given the inherent nature of the power system and the technical requirements in the HTR which are specifically placed on generators and <i>consumer facilities</i> to maintain the power system within a secure state.	See section 6.1.3 of this report.
23	Alinta	An exit service is a contractual limitation not a physical limitation, so it is unlikely to avoid the whole-of-system security risks as suggested by the proposal. Alinta is concerned that following a contingency event in the Pluto system, uncontrolled active and reactive power flowing into the NWIS may trigger further disturbances before action can be taken.	See sections 6.1.3 and 6.1.4 of this report.
24	Rio Tinto	In Rio Tinto's view, the position in relation to any expansions of capacity and new electricity infrastructure should be considered on a case by case basis. Rio Tinto submits that there is no basis for providing Woodside an exemption from the assessment required to be undertaken under the HTR in relation to the connection of new equipment to the NWIS or material changes to existing equipment.	See section 6.3 and section 6.2 of this report. In accordance with the Coordinator's additional amendments, modification of the <i>facility</i> or <i>equipment</i> within the <i>facility</i> will require a determination by the ISO as to whether compliance at the connection point requires reassessment.
25	Alinta	Alinta does not support granting a blanket exemption from the HTR in perpetuity via the rule change (on the basis that this	See explanation above.

Issue	Submitter	Comment/Issue Raised	Coordinator's Response
		would not compromise the reliability and security of the NWIS and any interconnected Pilbara system at any time in the future).	
26	Rio Tinto	It is difficult for Rio Tinto to understand how the proposed rule 5A(2)(g) of the PNR would apply rule 3.3.4.4 to the embedded generators at the Pluto Facility. Rio Tinto considers that this is not a matter that can be complied with or addressed at the <i>connection point</i> .	See section 6.1.4 of this report. As advised by the PAC and the TWG the Coordinator is confident any risks to security and reliability can be managed.
27	Rio Tinto	It is unclear whether rule 5A(2)(g) of the PNR would exempt Woodside from having to comply with rule 3.2.4 of the HTR in relation to any existing or future facilities which are connected behind the <i>connection point</i> , and how any adverse system impacts would be addressed once the facilities are connected, if those facilities are exempt from complying with the HTR by reason of them being "behind" a <i>connection point</i> .	See section 6.1.3 of this report.
28	Rio Tinto	Rio Tinto considers that any derogations or exemptions from the requirements of the HTR need to be provided for in clear language that is capable of clear application. Further work needs to be undertaken to specifically identify which rules are capable of being, and should be, appropriately limited to compliance at the relevant <i>connection point</i> to Horizon Power's network and which rules should be applied to the Pluto Facility, either with or without derogations from the rules.	See section 6.2 and section 7 of this report. The Coordinator's amendments provide an alternative and clear process for connection point compliance.
Items to be assessed by the Technical Working Group			
29	Alinta	It has not been demonstrated that adequate consideration has been given to the technical issues associated with the proposal. A blanket exemption from compliance with the HTR beyond the point of interconnection both initially and for the life of the Pluto Facility may impact the security and reliability of the NWIS.	See section 6.1.4 of this report. As advised by the PAC and the TWG the Coordinator is confident any risks to security and reliability can be managed.
30	ISO	The ISO's view, certain power system modelling, steady state and dynamic studies may need to be undertaken in respect of the Pluto Facility in order for the TWG to adequately assess	See explanation above.

Issue	Submitter	Comment/Issue Raised	Coordinator's Response
		the impact that the proposed new connection will have on the system.	
31	ISO	In ISO's view, Woodside's role in determining whether they can reduce injections of electricity to the Pluto Facility in response to a system operations direction should be better understood by the proposed TWG and should be agreed to by the ISO, prior to connection occurring.	See explanation above.
32	ECP	The ECP's view is that the working group should be given the time it needs to properly explore these technical matters, and provide its advice, ahead of the publication of a draft decision, to ensure stakeholders can make informed submissions.	See explanation above.
33	ISO	Woodside's proposed amendments to rule 182(3) prohibits a direction from the ISO to the Pluto Facility to resolve scheduling conflicts. This matter may need to be explored further by the TWG and should be understood and agreed to by the ISO.	All of the TWG key outputs and recommendations have been accepted and addressed in the development of the amending rules.
34	ISO	The ISO recommends that the TWG considers the application of GEIP in the context of the Pluto Facility in order to ascertain whether the term provides sufficient clarity and certainty to participants in the context of the PNR.	All of the TWG outputs and recommendations have been accepted and addressed in the development of the amending rules.

General Comments

35	ECP	Parties coming forward with rule changes should engage with the range of stakeholders with an interest in, or likely to be impacted by, the proposal such as household, small business and community interests to inform and test rule change proposals. The rule change proposal itself should reflect feedback received and how it has informed design.	The Coordinator notes the comments by the ECP and will engage further with the PAC on how future rule change proponents may consult more comprehensively a range of consumers and other types of impacted parties.
36	Alinta	The proposal does not consider the impacts that an up to 500MW solar farm may have on the interconnected system following the disconnection of the Pluto Facility.	See section 6.1.4 of this report. The Coordinator is confident any technical risks can be managed.
37	Alinta	If implemented in its proposed form the proposal may impact Alinta's network and the outworking of the current balancing and ESS regimes if not reviewed and addressed.	See section 6.1 of this report.

Issue	Submitter	Comment/Issue Raised	Coordinator's Response
			As advised by the PAC and the TWG the Coordinator is confident any risks to security and reliability can be managed.
38	ECP	<p>ECP considers that rule changes should also include the details about economic, social and environmental costs and benefits that stakeholders, and indeed the Coordinator, need to properly assess how well the proposal aligns with the <i>Pilbara electricity objective</i>.</p> <p>Woodside's proposal does not include detailed information about the costs and benefits of alternative solutions to justify amending the rules. More detail about how electricity generated in the solar farm will be used in the Pluto would also be needed to have confidence that the project would lead to an overall reduction in the emissions from the facility.</p>	<p>See section 6.3 of this report for a full assessment of the proposal against the <i>Pilbara electricity objective</i>.</p> <p>See section 6.6 of this report.</p>
39	Horizon Power	To date, the technical assessments are indicating the connections to the NWIS are viable.	
40	Horizon Power	In Horizon Power's view the successful connection of the Pluto LNG Facility will serve as a significant precedent for the connection of future islanded systems in the Pilbara, resulting in cost savings to the industry through centrally procured ESS and alternative supplier arrangements.	The Coordinator notes this comment.
Cost implications			
41	Alinta	The ESS cost allocations may also need to be considered to ensure that these costs are allocated fairly and equitably and based on long term use/need/risk and the principal that causer pays.	See section 6.6 of this report
42	ISO	It is difficult for the ISO to anticipate the specific costs required to implement any changes required as a result of this rule change.	See section 6.6 of this report.

Proposed revisions to the proposed rule change

Issue	Submitter	Comment/Issue Raised	Coordinator's Response
43	ISO	<p>The ISO is concerned that the definition of an <i>integrated LNG system</i> appears sufficiently broad to capture networks that are not directly electrically connected or continuous, which carries the risks that the Maitland Project is captured in the definition of an <i>integrated LNG system</i>.</p>	<p>See section 6.1.1 and section 7 of this report.</p> <p>Woodside's proposed <i>integrated LNG system</i> has been replaced by <i>integrated facility network</i> which anticipates the connection of a range of facility types. The definition of an <i>integrated facility</i> comprises all electrically interconnected equipment located on a single site.</p>
44	Horizon Power	<p>The rule change proposal seeks to grant in interconnected NSP the right to disconnect the integrated LNG facility. Horizon Power is concerned that granting such a right under the PNR incorrectly implies that the interconnected NSP will be actively monitoring the behaviour of the <i>integrated LNG system</i>, primed to take action in the event they threaten the broader system. The right for one NSP to disconnect another should not be embedded in the PNR (as is currently the case for the legacy NSPs).</p> <p>Horizon Power recommends that the following aspects of the rule change proposal be amended as follows:</p> <ul style="list-style-type: none"> • Remove "registered NSP of any network to which the system is connected" from Definition of <i>integrated LNG network</i>. • Remove "The registered NSP of a network to which an <i>integrated LNG system</i> is connected" and "Registered NSP" from rule 188A. 	<p>See section 6.1.4 of this report.</p> <p>The Coordinator's additional amendments mean that the relevant Woodside entity will no longer be the registered NSP for the Pluto facility. As an <i>integrated facility</i>, Pluto will be treated as an <i>excluded network</i> (and part of a consumer facility).</p> <p>This suitably addresses any concerns about directing disconnection of another NSP.</p>
45	Alinta	<p>Alinta does not support granting this exemption in perpetuity via the rule change. This is on the basis that we cannot be certain that this would not compromise the reliability and security of the NWIS and any interconnected Pilbara system at any time in the future.</p> <p>Alinta strongly recommends that either:</p> <ul style="list-style-type: none"> • the established PNR processes for losing this grandfathered status apply as they do for any other facility connected to the NWIS; or • a review of the technical requirements at the point of connection is triggered if the ISO identifies an 	<p>See section 6.2 of this report.</p> <p>This issue was addressed by the Coordinator's regulatory workshop. In accordance with the Coordinator's amending rules, modification of the <i>facility</i> or <i>equipment</i> within the <i>facility</i> will require a determination by the ISO as to whether compliance at the <i>connection point</i> requires reassessment under rule 274J.</p>

Issue	Submitter	Comment/Issue Raised	Coordinator's Response
		impending security risk or there is a material change to the Pluto Facility.	
46	ISO	Regarding rule 172(4), is not clear whether "withdrawal" and "injection" are intended to capture a withdrawal from and injection to the <i>integrated LNG system</i> or the Horizon Power network but the ISO considers this can be addressed through drafting.	See section 6.1.4 of this report.

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