



Pilbara Networks Rules Rule Change Proposal Submission

PRC_2022_01 – Draft Rule Change Report Integrated LNG Systems

Submitted by:

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1. Please provide your views on the proposal, including any support, objections, or suggested revisions.

Overarching view on the Draft Rule Change Report

Horizon Power is supportive of the Coordinator's Revised Rule Change Proposal (**CRRCP**) contained in the Draft Rule Change Report (**DRCR**). The CRRCP largely aligns with concepts proposed by Horizon Power and Woodside to Energy Policy WA in April 2022.

With the increase in Pilbara participants wanting to install large scale renewables on their sites, the introduction of the 'integrated facility' class will greatly improve the ability of the Pilbara Network Rules (**PNR**) to support the energy transition.

Horizon Power understands the the CRRCP contained in the DRCR can be summarised as follows:

- Introduction of a new class of participant being integrated facility (**Integrated Facilities**) which is to be treated as an excluded network for PNR and Harmonised Technical Rules (**HTR**) compliance.
- Introduction of a mechanism to enable Integrated Facilities to apply for compliance at their connection point to the NWIS.
- Introduction of specific rules to restrict directions to Pluto facilities.
- Minor administrative corrective changes.

Introduction of new class of participant (Integrated Facility)

Horizon Power's view during reforms and in the early process of assessing the Woodside Rule Change Proposal (**RCP**) is that private power systems (i.e. Integrated Facilities) should be treated as network users under the PNR/HTR regime as this is a simpler approach to that presented in the original RCP. While establishing a new class of Network Service Provider was a viable solution, the complexities introduced (none of which affected Horizon Power's own compliance requirements) are unlikely to have been beneficial to the overall regime.

Horizon Power therefore agrees with the CRRCP's approach to utilise the excluded network mechanism, which is an elegant approach to achieving the outcome of effectively classifying Integrated Facilities as Network Users for compliance purposes.

Suggested Revisions

- Include a requirement in Rule 25A(2) that all energy behind the connection point to the NWIS must be attributable to a single entity (i.e. no third party access). This will ensure that parties requiring a Network Operators license under the Electricity Industry Act, who are responsible for/capable of transporting electricity on behalf of others are not unintentionally captured by this definition.
- With the introduction of the above clause, and the limitation introduced via Rule 25A(1)(a) (connect to the NWIS through a single connection point), it is unclear what benefit Rules 25A(2)(a) and 25A(2)(b) brings. Restricting the classification of Integrated Facilities to those on a single parcel of land (or adjacent land plots) doesn't appear to have any relevance to the potential impact on system operations or the ownership/operation of the infrastructure or energy flows. The net outcome of technical compliance, energy balancing, PNR participation is independent of land ownership. Further, no such land restrictions currently exist for other excluded network categories which in some scenarios include load and generators (less than 10MW). Horizon Power queries why the following scenarios should be treated differently from each other:
 - 11MW power station connected to a 11MW consumer facility on the same land with a single NWIS connection point (all assets owned and operated by the same entity).
 - 11MW power station with slightly longer connecting infrastructure connected to a 11MW consumer facility on two separate non-adjacent land plots with a single NWIS connection point (all assets owned and operated by the same entity).

Horizon Power recommends that Rules 25A(2)(a) and 25A(2)(b) be removed.

Introduction of Compliance at Connection Point Mechanism

While the matter of assessing compliance at a connection point had been discussed at length by the Pilbara Advisory Committee for a Network Service Provider, Horizon Power considers the matter to have been significantly simplified by the categorisation of Integrated Facilities as excluded networks (which is reflective with being a Network User). Many of the Network User compliance requirements under the HTR are already assessed at a point of connection, meaning that to facilitate requests for establishing compliance at a connection point for Integrated Facilities (as opposed to an NSP) is a significantly less onerous task.

Suggested Revisions

- Rule 274J implies that Integrated Facilities have the right to unilaterally materially modify the behaviour and /or assets behind the point of connection to the NWIS prior to notifying the ISO. Network Users generally do not have this right as:

- Mechanisms under the Harmonised Technical Rules usually require the NSP's prior approval before new equipment is connected (i.e. HTR 4.2.2).
- Prudent NSPs generally require Network Users in their access contracts to seek the NSP's approval prior to materially modifying the behaviour/equipment of their facility.

To better reflect the above existing mechanisms, Rule 274J should include a requirement that the Integrated Facility seeks NSP/ISO approval before making such changes in order for the Connection Point Compliance (**CPC**) measures to be reviewed. This could potentially be achieved by referencing Rule 22(4) in Rule 274J.

- Rule 274J should also include a requirement that all CPC measures should be reviewed and if required updated, following any amendment to the HTR (upon which they will be based).

Introduction of specific rules to restrict directions to Pluto facilities.

The changes proposed are largely consistent with those presented in Woodside's original RCP. Horizon Power continues to support the introduction of these measures to support the unique circumstances of connecting the Pluto Facility to the NWIS.

Suggested Revisions

- Include a requirement under Rule 188B that following any use of the power to disconnect the Pluto facility, the registered controller of the Pluto facility must obtain the Registered NSP and the ISO approval before reconnecting. This will ensure that the driver for the disconnection has been resolved prior to reconnection of the facility.

Minor administrative corrective changes

Horizon Power supports this corrective changes.

2. Please provide an assessment whether the change will better facilitate the achievement of the Pilbara electricity objective.

Horizon Power supports the assessment within the DRCCR on this topic.

3. Please indicate if the proposed change will have any implications for your organisation (for example changes to your IT or business systems) and any costs involved in implementing the changes.

The changes required to comply with the CRRCP contained in the DRCCR can be managed within existing funding arrangements for processing applicant applications.

4. Please indicate the time required for your organisation to implement the change, should it be accepted as proposed.

The change required to comply with the CRRCP contained in the DRCCR can be managed within existing timeframes for processing applicant applications.