



Meeting Agenda

Meeting Title:	Pilbara Advisory Committee (PAC)
Date:	Thursday 25 May 2023
Time:	2:00 PM – 3:15 PM
Location:	Online, via TEAMS.

Item	Item	Responsibility	Type	Duration
1	Welcome and Agenda	Chair	Noting	1 min
2	Meeting Apologies/Attendance	Chair	Noting	1 min
3	Competition Law Statement	Chair	Noting	1 min
4	Minutes			
	(a) Minutes of Meeting 2023_03_30	Chair	Noting – Already approved	1 min
5	Action Items	Chair	Noting	1 min
6	Rule Changes			
	(a) PRC_2023_01 – Overview of Rule Change Proposals		Noting	
	(b) PRC_2023_01 – Various Pilbara ISO Functions (Access and connection costs; ESS procurement; CPC measures)	Chair	Discussion	60 min
7	General Business	Chair	Discussion	10 min
	Next meeting: 9:30 AM, 27 July 2023			

Please note, this meeting will be recorded.



COMPETITION LAW OBLIGATIONS

Members of the Pilbara Advisory Committee (**Members**) note their obligations under the *Competition and Consumer Act 2010 (CCA)*.

If a Member has a concern regarding the competition law implications of any issue being discussed at any meeting, please bring the matter to the immediate attention of the Chairperson.

Part IV of the CCA (titled “Restrictive Trade Practices” contains several prohibitions (rules) targeting anti-competitive conduct. These include:

- (a) **cartel conduct.** Cartel conduct is an arrangement or understanding between competitors to fix prices; restrict the supply or acquisition of goods or services by parties to the arrangement; allocate customers or territories; and or rig bids, see s45AD and Division 1 of Part IV of the CCA more generally.
- (b) **concerted practices:** a concerted practice can be conceived of as involving cooperation between competitors which has the purpose, effect or likely effect of substantially lessening competition, in particular, sharing Competitively Sensitive Information with competitors such as future pricing intentions and this end:
 - a concerted practice, according to the ACCC, involves a lower threshold between parties than a contract arrangement or understanding; and accordingly,
 - a forum like the meetings of the MAC is capable being a place where such cooperation could occur.

See s45(1)(c), s45 of the CCA more generally, and [these](#) guidelines published by the ACCC.

- (c) **anti-competitive contracts, arrangements understandings:** Any contract, arrangement or understanding which has the purpose, effect or likely effect of substantially lessening competition, see section 45 of the CCA and Division 2 of Part IV of the CCA more generally.
- (d) **anti-competitive conduct (market power):** any conduct by a company with market power which has the purpose, effect or likely effect of substantially lessening competition, see s46 of the CCA.
- (e) **collective boycotts:** where a group of competitors agree not to acquire goods or services from, or not to supply goods or services to, a business with whom the group is negotiating, unless the business accepts the terms and conditions offered by the group, see Division 2 of Part IV of the CCA.

A contravention of the CCA could result in a significant fine (up to \$500,000 for individuals and more than \$10million for companies). Cartel conduct may also result in criminal sanctions, including gaol terms for individuals.

Sensitive Information means and includes:

- (a) commercially sensitive information belonging to a Member’s organisation or business (in this document such bodies are referred to as an **Industry Stakeholder**); and
- (b) information which, if disclosed, would breach an Industry Stakeholder’s obligations of confidence to third parties, be against laws or regulations (including competition laws), would waive legal

professional privilege, or cause unreasonable prejudice to the Coordinator of Energy or the State of Western Australia).

Guiding Principle – what not to discuss

In any circumstance in which Industry Stakeholders are or are likely to be in competition with one another a Member must not discuss or exchange with any of the other Members information that is not otherwise in the public domain about commercially sensitive matters,¹ including without limitation the following:

- (a) the rates or prices (including any discounts or rebates) for the goods produced or the services produced by the Industry Stakeholders that are paid by or offered to third parties;
- (b) the confidential details regarding a customer or supplier of an Industry Stakeholder;
- (c) any strategies employed by an Industry Stakeholder to further any business that is or is likely to be in competition with a business of another Industry Stakeholder, (including, without limitation, any strategy related to an Industry Stakeholder's approach to bilateral contracting or bidding in the energy or ancillary/essential system services markets);
- (d) the prices paid or offered to be paid (including any aspects of a transaction) by an Industry Stakeholder to acquire goods or services from third parties; and
- (e) the confidential particulars of a third party supplier of goods or services to an Industry Stakeholder, including any circumstances in which an Industry Stakeholder has refused to or would refuse to acquire goods or services from a third party supplier or class of third party supplier.

Compliance Procedures for Meetings

- If any of the matters listed above is raised for discussion, or information is sought to be exchanged in relation to the matter, the relevant Member must object to the matter being discussed. If, despite the objection, discussion of the relevant matter continues, then the relevant Member should advise the Chairperson and cease participation in the meeting/discussion and the relevant events must be recorded in the minutes for the meeting, including the time at which the relevant Member ceased to participate.



Minutes

Meeting Title:	Pilbara Advisory Committee (PAC)
Date:	30 March 2023
Time:	2:00pm – 3:10pm
Location:	Videoconference (Microsoft Teams)

Attendees	Class	Comment
Sally McMahon	Chair	
Jacinda Papps	Registered Network Service Provider (NSP)	
David Stephens	Registered NSP	
Momcilo Andric	Registered NSP	
Chris Bossong	Excluded NSP	
Neil Midolo	Excluded NSP	
Geoff White	Small-Use Consumer	From 2:40
James Campbell-Everden	Independent System Operator (ISO)	Presenter for agenda item 6(b)
Noel Ryan	Observer appointed by the Minister	

Also in Attendance	From	Comment
Dora Guzeleva	PAC Secretariat	Observer
Sarah Graham	PAC Secretariat	Observer
Thomas Marcinkowski	PAC Secretariat	Observer
Glen Carruthers	Fortescue Metals Group	Observer

Apologies	From	Comment
Anne Taylor	Excluded NSP	Apologies not received, but not in attendance
Frances Hobday	Observer appointed by the Economic Regulation Authority (ERA)	Apologies not received, but not in attendance

Item	Subject	Action
1	<p>Welcome</p> <p>The Chair opened the meeting at 2:00pm with an Acknowledgement of Country and welcomed the PAC members.</p> <p>The Chair disclosed that, in her capacity as Commissioner at the Australian Energy Market Commission, she is now on the Energy Reference Group at the Grattan Institute.</p> <p>As I foreshadowed previously, given my Commissioner role, I just want to record that, as independent chair of the PAC, my views may or may not be the same as the PAC advice that we may provide to the Coordinator from time to time.</p>	
2	<p>Meeting Apologies/Attendance</p> <p>The Chair noted the attendance and apologies as listed above.</p> <p>The Chair acknowledged the attendance of Mr Carruthers (Transmission Specialist) as an observer for FMG.</p>	
3	<p>Competition Law Statement</p> <p>The PAC acknowledged the obligations of PAC members under the Competition Law Statement.</p>	
4	<p>Minutes</p> <p>Minutes of Meeting 2022_11_09</p> <p>The Chair noted that the minutes of the 9 November 2022 PAC meeting were previously approved by the PAC out of session.</p>	
5	<p>Action Items</p> <p>The closed action items were taken as read.</p> <p>Action items 1 and 2 are now complete.</p>	
6	<p>Rule Changes</p> <p>(a) PRC_2023_01 – Overview of Rule Change Proposals</p> <p>The Chair noted there are two updates in the paper:</p> <ul style="list-style-type: none"> • The first related to the Pilbara ISO rule change proposal which is tabled for discussion at this meeting. • The second related to the Integrated LNG Systems rule change proposal which is due to come into effect on 31 March 2023. <p>The Chair acknowledged the contributions of the PAC in the progression of the Integrated LNG Systems rule change.</p> <p>(b) PRC_2023_01 – Various Pilbara ISO Functions (Access and connection costs; ESS procurement; CPC measures)</p>	

Item	Subject	Action
	<p>The Chair noted that the ISO formally submitted this rule change proposal on 14 March 2023, with the first submission period due to close on 8 May 2023.</p> <p>The Chair noted the recommendations in the cover paper and confirmed that any agreed outcomes will be captured as the PAC's advice to the Coordinator in the minutes. If PAC members do not agree, the Chair noted that this will also be captured in the minutes.</p> <p>The Chair invited Mr Campbell-Everden to introduce the paper and talk through the rule changes being proposed by the ISO.</p> <p>Mr Campbell-Everden advised that he would summarise each of the three proposals separately.</p> <p>Proposal A: ISO access and connection costs</p> <p>Mr Campbell-Everden provided a summary of Proposal A and noted that the ISO sought advice from the PAC at its 3 August 2022 meeting regarding its access and connection costs.</p> <p>Mr Campbell-Everden noted that it was considered fairer and more equitable for the costs to be borne by the user rather than smeared across the NSPs, and that Proposal A is intended to achieve certainty about what costs may be passed on and in what manner.</p> <p>Mr Campbell-Everden provided background regarding the ISO's access and connection functions, noting that:</p> <ul style="list-style-type: none"> the ISO has developed the first draft of an access and connection procedure, which will be published on its website around 1 May 2023, and offered to provide this on a confidential basis to the PAC; the ISO will incorporate comments from this PAC meeting into the next draft of the procedure; feedback to date indicates that industry wants clarity and certainty regarding time and cost, and that the costs should be attributable and identifiable upfront; and the ISO's role in the access and connection process is primarily with the registered NSP with very little interaction with the access applicant. <p>Mr Campbell-Everden indicated that the ISO is currently drafting a connection point compliance procedure (CPC) and is considering how the Harmonised Technical Rule (HTR) derogations will work in the future alongside the access and connection, and CPC processes.</p> <p>Mr Campbell-Everden further noted that:</p> <ul style="list-style-type: none"> there is urgency regarding Proposal A, given that the ISO is already undertaking these functions and is managing costs via interim agreements with the registered NSPs; the Pilbara electricity objective is covered in detail in paragraphs 51 to 63 of the rule change proposal, however, the ISO considers that it is economically efficient to allocate costs on a causer-pays basis; 	

Item	Subject	Action
	<ul style="list-style-type: none"> the access and connection procedure will ensure that costs are allocated fairly, and that pricing mechanisms are transparent; it may be sensible to align the cost recovery provisions under subchapter 9.3 with the changes in Proposal A; and the ISO is open to suggested changes regarding the drafting, including to the numbering of clauses which may need fixing; 	
	<p>While Mr Campbell-Everden highlighted the difficulty in estimating the relevant costs, he provided an estimate of \$20,000 - \$40,000, noting that this is dependent on a number of factors.</p>	
	<p>The Chair invited the PAC members to comment on Proposal A.</p>	
	<p>The Chair invited Mr Carruthers to ask a question, on behalf of Mr Midolo, on the basis of his experience in the SWIS.</p>	
	<p>Mr Carruthers noted that there is a challenge in the SWIS in distinguishing between shared assets and connection assets, and that:</p>	
	<ul style="list-style-type: none"> under the PNR, each category should be well defined as it can impact how network users are charged; and a 'shared asset' is spread across multiple network users whereas a 'connection asset' is typically an upfront cost for the party that is connecting, and a lack of definitions can result in customers being charged differently. 	
	<p>The Chair invited Mr Campbell-Everden to clarify which costs are subject to the rule change proposal and to respond to the comment by Mr Carruthers.</p>	
	<p>Mr Campbell-Everden clarified that the access and connection costs in question are those directly attributable to Subchapter 9.2 of the PNR and noted that:</p>	
	<ul style="list-style-type: none"> they relate to the ISO review of the registered NSPs work to assess whether the applicant has met the connection standard under the HTR; there is a three-stage process, which includes the feasibility stage, the assessment stage, and the connection and energisation stage; and ultimately the ISO's role is to provide guidance on what studies need to be done and whether any additional studies are required. 	
	<p>At the request of the Chair, Mr Campbell-Everden confirmed the rule change only relates to the recovery of ISO related costs, not the connection charges.</p>	
	<p>Ms Papps added that the difference in the Pilbara is that applicants are seeking to connect to a registered NSP and connections are covered by bilateral arrangements, as opposed to connecting to Western Power in the SWIS.</p>	
	<p>Ms Papps asked whether:</p>	

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	<ul style="list-style-type: none"> • there is any chance that any costs under Subchapter 9.2 could be deemed to be shared costs; and • the drafting under clause 274A could be amended to include the words “in relation to that connection application” under subclause 1. <p>Ms Papps added that Alinta supports the intent of the proposal and wants to ensure that where there are shared costs incurred under subchapter 9, they are smeared across the registered NSPs rather than passed through.</p> <p>The Chair asked Mr Campbell-Everden to clarify what happens if the ISO identifies shared costs that are not attributable to the access applicant:</p> <p>Mr Campbell-Everden:</p> <ul style="list-style-type: none"> • noted that the ISO has encountered these types of costs before and shared costs are separated and charged to the NSPs; and • agreed that the access and connection procedure needs to be amended to be clearer on that issue. <p>Mr Andric agreed with the points raised by Ms Papps and Mr Campbell-Everden, and further noted that:</p> <ul style="list-style-type: none"> • currently in the Pilbara there are no shared network assets; • however, there are potentially shared costs involved, for example system modelling that is ultimately shared with other connection applicants so they can do the appropriate studies. <p>Mr Campbell-Everden agreed with Mr Andric.</p> <p>Ms Guzeleva added that some words captured in the minutes of the 3 August 2022 PAC meeting were not directly reflected in the proposal, noting that:</p> <ul style="list-style-type: none"> • it was agreed that the rules should clarify that costs should be identifiable and directly attributable to the connection applicant, rather than leaving it to the procedure; and • given that members have made similar observations, this option should be explored. <p>Ms Papps agreed and the Chair confirmed that this is consistent with the discussion.</p> <p>Mr Stephens asked Mr Campbell-Everden whether there was any cut off related to the size of a connection or a customer in determining whether costs apply, as Horizon has a lot of very small residential connections.</p> <p>Mr Campbell-Everden noted that this is covered under the access and connection procedure specifying those that are exempt, and that there are also relevant PNR exemptions.</p> <p>Mr Campbell-Everden noted that, if the ISO has to be engaged from a security and reliability point of view and costs are incurred as a result,</p>	

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	<p>these costs need to be passed through. However, there is less risk with smaller connections.</p> <p>The Chair noted that at the 3 August 2022 PAC meeting there was discussion about whether costs are 'material' and asked if this would be helpful to implement in the rules.</p> <p>Mr Campbell-Everden noted that this would depend on the definition of 'material' and that, in his opinion, engaging consultants would be a threshold for materiality, as this is where the ISO would start incurring additional costs.</p> <p>Mr Campbell-Everden added that, while the ISO has introductory meetings in all cases and discusses the access and connection framework regularly, it does not bill for this kind of work.</p> <p>Mr Bossong advised that he was required to leave early, and noted the following before he left:</p> <ul style="list-style-type: none"> • he is largely aligned with the discussion and is supportive of the proposal; • there needs to be clarity and transparency regarding the actual costs and work required; and • there may be work on an issue for which consultant's costs are ultimately passed through to a connection applicant, but later this work benefits other parties. <p>Mr White noted he had no issue with the proposal.</p> <p>The Chair summarised the PACs agreed position on Proposal A as follows:</p> <ul style="list-style-type: none"> • The costs need to be identifiable and attributable, with clarity needed as to the types of costs that might be directly attributable versus those shared. • There needs to be consideration of the extent to which work completed by a consultant work may assist other connection applicants. • There needs to be transparency as to what those costs are (noting that this may be covered in the access and connection procedure). • Whether costs are 'material' depends on whether additional costs will need to be incurred. In other words, materiality is determined by work that needs to be done rather than the type of customer, with the expectation that small customers would not be likely to incur extra costs. <p><u>Proposal B: Procedure related to essential system services under Subchapter 8.1:</u></p> <p>Mr Campbell-Everden provided an overview of Proposal B, noting the following key points:</p> <ul style="list-style-type: none"> • Proposal B deals with the ISO's ability to develop an Essential System Services (ESS) Procedure under subchapter 8.1. 	

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- The ISO has published an interim procedure relating to subchapter 8.1, which considers the ESS objectives and has provided for a Technical Working Group (TWG) to assist the ISO with determining its ESS requirements.
- On 1 July 2023, the transitional period ends and all interim procedures, including the ESS Procedure, will no longer have effect.
- Proposal B seeks to amend rule 244 so that the ESS procedure is retained, and the TWG remains to provide advice on the procurement processes.
- All procedures developed under the interim process will cease to have effect from 1 July 2023, and the ISO seeks the PAC's views on whether these can be retained, provided that there has been appropriate consultation.
- There is some urgency attached to Proposal B, as there is an ESS RFP process currently being undertaken and the ISO wants to refer issues to the TWG, as required.
- The Pilbara electricity objective is addressed in detail in paragraph 66 of the rule change proposal, with a number of efficiency and security and reliability benefits outlined.
- Costs are outlined in detail in paragraph 82 but are relatively low.

Ms Papps strongly supported Proposal B and made the following points about the drafting approach:

- The proposed drafting suggests the energy balance and settlement (EBAS) procedure would be a single procedure covering subchapters 8.1, 8.2 and 8.3;
- Having a single procedure covering EBAS and ESS may introduce complexity to a procedure that is already complex and may present a barrier to entry for participants;
- a new clause 244A in the PNR would allow the ISO to create standalone ESS procedure, noting this is more forward-thinking and less operational than the EBAS.

Mr Campbell-Everden noted that the intention of the ISO was to split the procedures for EBAS and ESS, as the PNR provides the ISO with the discretion to split procedures as long as there is a head of power.

Ms Papps suggested a small amendment to Proposal B for clarity so that it provides for the development of "a procedure or procedures" by the ISO.

Ms Guzeleva suggested that in the interests of efficiency, interim procedures should not be discarded and replaced with new procedures which are created afresh.

Ms Guzeleva further noted that:

- in the Wholesale Electricity Market (WEM), there are transitional arrangements for the development of procedures (including a

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consultation process), which become permanent procedures under the WEM Rules.

- the ISO has developed the interim procedures using a 15 day consultation process, and once procedures are in place under the PNR anyone can propose changes to those procedures.
- a similar arrangement to that in the WEM could be created under the PNR, whereby interim procedures become permanent, under the proviso that stakeholders are consulted and anyone can propose changes.

The Chair confirmed with Ms Guzeleva that she was suggesting an overarching rule that allowed for interim procedures to become permanent, and invited views from the PAC on this approach. She suggested that such views could be provided after Proposal B had been dealt with.

Mr Andric confirmed that when the initial ESS procedure was prepared it was never intended to be included together with EBAS procedure, as that would introduce too much complexity.

Mr Andric agreed that building upon temporary procedures already in place is the reasonable starting point for the permanent procedures under the PNR.

The Chair then invited further comment on Ms Guzeleva's suggestion to preserve existing temporary procedures.

Ms Papps noted that the proposal made sense and that, as money has already been spent developing existing procedures, it would be efficient to maintain them as this meets the objective of keeping downward pressure on prices.

The Chair confirmed that the agreed PAC's position was of general support for both Proposal B, and the proposal for interim procedures to become permanent under the PNR.

Proposal C: Reference error with regard to Pluto Connection Point Compliance (CPC):

Mr Campbell-Everden gave a brief overview Proposal C and noted that this is simply a correction of a reference error that was brought to his attention and it is an administrative change, not a matter of policy.

Ms Guzeleva added the change is simply the correction of a wrong cross-reference, and it would be inefficient to deal with such a small change in a separate process as it also relates to the ISO functions.

The Chair noted that there was no disagreement from the PAC for Proposal C.

The Chair concluded that the PAC generally agrees with and supports the ISO's Various ISO Functions rule change proposal, and with the explanations provided in the proposal as to specific matters.

The Chair noted the following specific comments on the three proposals:

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- Proposal A: needs to provide further clarity in respect of the types and treatment of direct and attributable costs, versus shared costs.
- Proposal B: consideration may be given in separating the EBAS and ESS procedures, and there is potential benefit in allowing procedures expiring after 1 July 2023 to continue, subject to these being developed in consultation with participants.
- Proposal C: PAC accepts that the correction needs to be made.

The PAC agreed that the Chair’s summary accurately reflects the position that may be provided the Coordinator.

7 General Business

The Chair invited Ms Guzeleva to briefly speak about the State Electricity Objective (SEO) under other business.

Ms Guzeleva provided a summary of the SEO, noting that EPWA published a draft for a short consultation period, and the intent is to apply the new objectives consistently across the state, including the NWIS.

Ms Guzeleva queried whether there were any views on that decision, noting that members may have already responded to the consultation.

Mr Stephens queried whether the review of voltage and frequency standards would be part of this consultation as it may be relevant for consistency with the HTR.

Ms Guzeleva noted that this work is still happening, but was not part of the consultation on the new SEO, which is a change to the Electricity Industry Act.

Mr Campbell-Everden confirmed the ISO was generally supportive.

The Chair noted PAC members were aware of the consultation, and there were no further comments.

The Chair noted that the next meeting will be held at 9:30am on 18 May 2023 and closed the meeting.

The meeting closed at 3:08pm.



Agenda Item 5: PAC Action Items

Pilbara Advisory Committee (**PAC**) Meeting 2023_05_25

Shaded	Shaded action items are actions that have been completed since the last PAC meeting. Updates from last PAC meeting provided for information in RED .			
Unshaded	Unshaded action items are still being progressed.			
Missing	Action items missing in sequence have been completed from previous meetings and subsequently removed from log.			
Item	Action	Responsibility	Meeting Arising	Status
-	(There are currently no outstanding action items.)	-	-	-



Agenda Item 6(a): Overview of Rule Change Proposals (as of 15 May 2023)

Pilbara advisory committee (PAC) Meeting 2023_05_25

- Changes to the report since the previous PAC meeting are shown in **red font**.
- The next steps and the timing for the next steps are provided for rule change proposals that are currently being actively progressed by the Coordinator of Energy (**Coordinator**) or the Minister.

Indicative Rule Change Activity Until the Next PAC Meeting

Reference	Title	Events	Indicative Timing
PRC_2023_01	Various Pilbara ISO Functions (Access and connection costs; ESS procurement; CPC measures)	<ul style="list-style-type: none">• Second period submissions closes• Final rule change report publication	12/06/2023 30/06/2023

Rule Change Proposals Commenced

Reference	Submitted	Proponent	Title	Commenced
PRC_2022_01	19/07/2022	Woodside	Integrated LNG Systems	31/03/2023

Rule Change Proposals Awaiting Commencement

Reference	Submitted	Proponent	Title	Commencement
None				

Rule Change Proposals Rejected

Reference	Submitted	Proponent	Title	Rejected
None				

Rule Change Proposals Awaiting Approval by the Minister

Reference	Submitted	Proponent	Title	Approval Due Date
None				

Formally Submitted Rule Change Proposals

Reference	Submitted	Proponent	Title	Next Step	Date
PRC_2023_01	14/03/2023	ISO	Various Pilbara ISO Functions (Access and connection costs; ESS procurement; CPC measures)	Second period submissions closes	12/06/2023

Pre-Rule Change Proposals

Reference	Proponent	Description	Next Step	Date
None				

Rule Changes Made by the Minister and Awaiting Commencement

Gazette	Date	Title	Commencement
None			



Agenda Item 6(b): PRC_2023_01 – Various Pilbara ISO Functions

Meeting 2023_05_25

1. Purpose

- The Pilbara Advisory Committee (PAC) is to consider the draft decision of the Coordinator of Energy (Coordinator) as outlined in the *draft rule change report* for the Pilbara ISO's (ISO) "Various ISO Functions" *rule change proposal* (PRC_2023_01) and provide any further advice to the Coordinator.

2. Recommendation

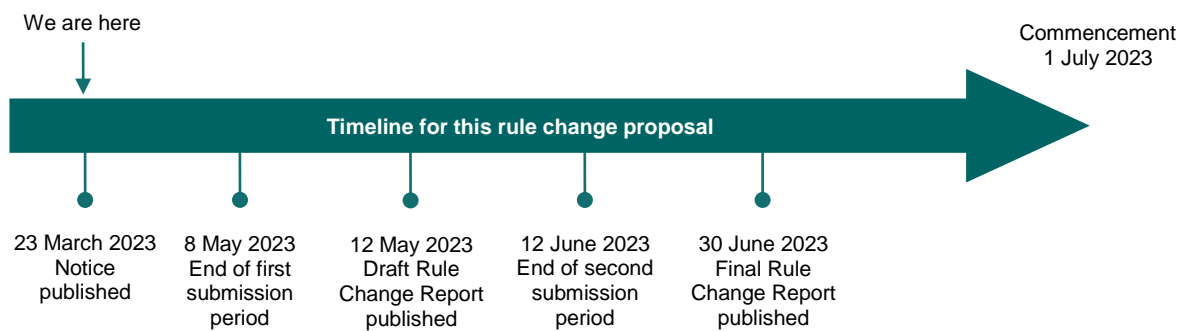
The PAC is to:

- (1) consider the Coordinator's draft assessment and proposed *amending rules* as outlined in the *draft rule change report* (Attachment 1);
- (2) consider and discuss the additional amendments to the *amending rules* by the Coordinator and provide any further advice to the Coordinator on:
 - (a) whether the PNR, as amended by the proposed *amending rules*, would better achieve the *Pilbara electricity objective*;
 - (b) whether the Coordinator's additional amendments sufficiently address the advice from the PAC at the PAC meeting on 3 March 2023; and
 - (c) whether any further changes should be made to the proposed amending rules to address the above matters;
- (3) come to an agreed PAC position on the above matters, to be captured in the minutes for the 25 May 2023 meeting (along with any dissenting views), which will form PAC's advice to the Coordinator.

3. Background

- The ISO submitted PRC_2023_01 to the Coordinator on 14 March 2023 under the *standard rule change process*. The rule change notice and the *rule change proposal* can be viewed on the Coordinator's [website](#).
- The PAC considered the ISO's proposal at the 30 March 2023 PAC Meeting and gave support for all three elements of the ISO's proposal, provided some clarifications were made to the proposed drafting.
 - The PAC's advice to the Coordinator was captured in the meeting minutes, which have now been published on the Coordinator's [website](#), and the proposed drafting clarifications were considered and addressed in the Coordinator's additional amendments.
- The Coordinator published the *draft rule change report* on 12 May 2023 with the draft decision to accept the *rule change proposal* in a modified form.

- The Coordinator made additional amendments to the proposed *amending rules* to address the PAC’s advice and the issues raised in first period submissions.
- The Coordinator has also included a number of formatting and referencing corrections as part of this rule change, a summary of which is outlined in Appendix A of the *draft rule change report*.
- The second submission period for PRC_2023_01 will close on 12 June 2023 and all PAC members are invited to provide written submissions on the *draft rule change report*.
- The Coordinator intends to publish the *final rule change report* by 30 June 2023, to ensure the *amending rules* related to interim procedures are in place before the current transitional arrangements expire on 1 July 2023.
- The updated projected timeline for processing PRC_2023_01 is:



1. Attachments

- (1) Coordinator or Energy – Draft Rule Change Report - Various Pilbara ISO Functions (PRC_2023_01)



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

Draft Rule Change Report Various Pilbara ISO Functions (PRC_2023_01)

Standard Rule Change Process

12 May 2023

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

*An appropriate citation for this paper is: Draft Rule Change Report
Various Pilbara ISO Functions
(PRC_2023_01)*

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1. The Rule Change Proposal, Process and Timeline

On 14 March 2023, the Pilbara ISOC_o (ISO) submitted a *rule change proposal* titled “Various Pilbara ISO Functions (Access and connection costs; ESS procurement; CPC measures)” (PRC_2023_01). This *rule change proposal* seeks to amend two existing provisions, and insert one new provision, in the Pilbara Network Rules (PNR).

The proposal is to make three distinct changes to the PNR. The first is an amendment to the cost recovery provisions in relation to the ISO’s access and connection functions under Subchapter 9.2. The second is an amendment to rule 244 enabling the ISO to develop a permanent *essential systems services* (ESS) Procedure. The third is an amendment to correct a referencing error in the new rule A4.73(b) which commenced on 31 March 2023.

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 [Pilbara Rule Change PRC_2023_01 \(www.wa.gov.au\)](http://www.wa.gov.au).

The key dates for progressing this *rule change proposal* 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 and minutes and papers from the relevant Pilbara Advisory Committee (PAC) meetings.

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 proposed to be 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 some of the following ways:
 - the introduction of a user pays cost allocation method will facilitate appropriate and proportionate cost recovery arrangements, which take into account the nature and scale of investment that is most likely in the context of the Pilbara resources industry;
 - the user pays principle is reflective of similar approaches undertaken in the Wholesale Electricity Market (WEM) and National Electricity Market (NEM) and was previously considered appropriate for cost recovery in respect of *connection point compliance* under the PNR;
 - maintaining the ESS Procedure will enhance the ISO's capacity to identify and manage risks, and maintain the secure and reliable operation of the NWIS by enabling the ISO to procure the appropriate levels of ESS while minimising costs on an ongoing basis;
 - the ESS procedure will also assist the ISO in developing an approach to ESS procurement that is tailored to the unique circumstances of the Pilbara region, and is appropriate for the Pilbara network and its users;
- have been amended to reflect the consensus views of the PAC, to the extent practicable;
- have considered any issues raised in the first period submissions, and have been modified, as appropriate, by the Coordinator's additional amendments to the proposed rules; and
- any costs that will arise from implementing the rule change proposal will be outweighed by the benefits to the ISO's ability to more effectively and efficiently carry out its functions.

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 **1 July 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 12 June 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
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_2023_01, as outlined in the Coordinator's rule change notice on 23 March 2023. Both the full *rule change proposal* and the rule change notice can be found on the [Coordinator's website](#).

The ISO's *rule change proposal* seeks to make three distinct changes to the PNR, which the ISO has labelled 'Proposal A', 'Proposal B' and 'Proposal C' respectively.

A high level outline of the proposed changes, which relate to various functions of the ISO, is provided below.

- **Proposal A (ISO access and connection related costs):** proposes amendments to the cost recovery provisions in relation to the ISO's access and connection functions under subchapter 9.2 of the PNR.
- **Proposal B (Procedure relating to ESS under Subchapter 8.1):** proposes an amendment to rule 244 of the PNR to provide for the development of a permanent ISO ESS Procedure.
- **Proposal C (Reference error with regard to Pluto CPC measures):** proposes an amendment to correct a referencing error in rule A4.73(b) of the PNR.

The ISO's assessment against the Pilbara Electricity Objective

Proposal A

The ISO considers that it is in the interests of all North West Interconnected System (NWIS) participants and the improved reliability and security of the NWIS as a whole that the ISO is able to perform its access and connection related functions with certainty in its ability to recover the costs of doing so.

The ISO considers that issues of equity and fairness would arise if its costs were socialised through ISO fees, rather than recovered on a user pays basis.

Proposal B

The ISO considers that Proposal B will give the ISO a clear ability to engage with stakeholders and experts in availing itself of advice of those with the technical knowledge and understanding of the unique characteristics of the NWIS and the Pilbara region more generally.

The ISO considers that Proposal B will also assist the ISO in developing processes that ensure transparency and accountability in the procurement, delivery and performance of ESS.

The ISO notes that this will enable stakeholders to better understand ESS related processes and to provide feedback, which will contribute to ensuring that the ISO is meeting the needs of the NWIS and its users.

Please refer to section 3 of the *rule change proposal* for the ISO'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;

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- (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; and
- submissions made in the first submission period and the Coordinator's response to the issues raised in those submissions.

The Coordinator has considered and taken into account each matter raised in these consultations in making this draft decision on PRC_2023_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

PAC 3 August 2022 Meeting

The ISO submitted an issues paper for discussion at the 3 August 2022 PAC meeting, inviting the PAC's views on which method the ISO should use to recover the costs associated with performing its access and connection functions under subchapter 9.2 of the PNR. The papers and minutes from this PAC meeting are available on the Coordinator's [website](#).

The ISO specifically questioned whether the costs should be recovered through the *registered network service providers* (NSP) or directly from the access seeker.

The Chair of the PAC initially noted that it would be consistent with best practice to allocate costs to an access seeker if the costs can be separately identified and are sufficiently material. Two PAC members specifically expressed support for the user pays principle, noting it was appropriate for access seekers to pay the costs of their connection.

The PAC came to the view that:

- it is not appropriate for access costs to be smeared across the network service providers (NSPs) in all cases;
- a price signal to the access seeker is appropriate; and
- the ISO should take into account the separability and materiality of the costs, and whether the costs would be a barrier to connection.

Based on the above, the PAC supported the ISO developing a rule change proposal to provide for the cost recovery of the relevant ISO functions from the access seeker or connection applicant.

The PAC's position on this matter formed the basis for the development of Proposal A in the ISO's *rule change proposal*. The ISO also developed Proposal B and C, which are distinct changes but similarly related to the functions of the ISO.

Before formally submitting its *rule change proposal*, the ISO sought guidance from Energy Policy WA on whether a pre-rule change proposal should be provided for discussion with the PAC. As the ISO had already consulted with the PAC on the most substantive change, and the other two proposed changes were minor or of an administrative nature, it was agreed that this step was unnecessary.

5.1.2 PAC's Consideration of PRC_2023_01

PAC Meeting, 30 March 2023

The PAC considered the ISO's formal *rule change proposal* at its 30 March 2023 meeting. The PAC Chair confirmed that any agreed outcomes at the meeting would constitute the PAC's advice to the Coordinator and this advice has been captured in the minutes. The papers and minutes from this PAC meeting are available on the Coordinator's [website](#).

Proposal A – ISO access and connection related costs

The Chair provided a summary of the intent of Proposal A and invited the PAC's views.

After some discussion, the PAC provided support for Proposal A, with some suggested drafting clarifications to ensure that:

- the costs are identifiable and directly attributable to the relevant access application;
- there is a distinction between costs that are directly attributable to the relevant access application and shared costs with benefits that extend beyond it; and
- there is transparency regarding the costs, noting this detail may be covered in the ISO's *access and connection procedure*.

The Chair also raised a question as to whether the rules should also reference the materiality of the costs, but accepted the ISO's position that materiality is determined by work that needs to be done rather than the type of customer and the expectation that small customers would not be likely to incur extra costs.

Proposal B – Procedure relating to ESS

The ISO provided a comprehensive summary of the rationale behind Proposal B and invited the PAC's views.

The PAC provided support for Proposal B, while requesting that the drafting clarifies that the ESS and *energy balancing and settlement* (EBAS) procedures may be published separately, to avoid any undue complexity that could serve as a barrier to entry for rule participants.

Interim Procedures

At the meeting, the ISO also highlighted that all of the other interim procedures developed under clause A4.57 are due to expire from 1 July 2023, and sought the PAC's advice on whether these procedures may be retained (subject to appropriate consultation).

The PAC was broadly supportive, noting that maintaining interim procedures was more cost-effective and would support the objective of maintaining downward pressure on prices.

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

Proposal C – reference error

The PAC provided support for Proposal C of the *rule change proposal*.

5.2 The Coordinator’s Response to the Pilbara Advisory Committee

The Coordinator has considered each of the matters discussed by the PAC, and has addressed these, as appropriate, in section 6 of this report. The issues and the Coordinator’s response to the issues are also summarised in the table below.

Table 1: Coordinator’s Response to the Pilbara Advisory Committee

Issue	Comment/Issue Raised	Coordinator’s Response
Proposal A		
1	Costs should be identifiable and directly attributable to the relevant access application	See section 6.1.1 of this report.
2	There should be a distinction between costs that are directly attributable and shared costs with benefits that extend beyond the relevant access application	See section 6.1.1 of this report.
Proposal B		
3	The drafting should clarify that the ESS and EBAS procedures may be published separately, to avoid any undue complexity that could serve as a barrier to entry for rule participants	See section 6.1.2 of this report.

5.3 Submissions Received during the First Submission Period

The first submission period for this *rule change proposal* was held between 23 March 2023 and 8 May 2023. The Coordinator received one submission from the ISO and one confidential submission. The ISO’s submission is available on the Coordinator’s website, while the confidential submission will only be referenced in this report.

5.3.1 Confidential Submission

The confidential submission broadly supported the *rule change proposal*, but raised two issues as outlined below.

Proposal A – ISO costs associated with access applications

The confidential submission supported the proposed amendment to increase clarity of the cost recovery mechanism associated with the ISO services with respect to access and connections. The submission highlighted that compliance with the Pilbara Network Access Code (PNAC) will depend on the level of detail published by the ISO regarding those costs.

Proposal B – Concerns with the establishment of a Technical Consultation Group

The confidential submission generally supported broadening the scope of the EBAS procedure to include additional ESS matters as described in the *rule change proposal*.

The submission, however, expressed concerns with the creation of a Technical Consultation Group (TCG) within the expanded procedure. The submission suggested revising the role of the PAC in considering procedure change proposals rather than establishing a new TCG instead.

The submission noted that setting the eligibility requirements of the TCG within the procedure could result in the representation of *registered NSPs*, but inadequate representation of connected parties such as large loads, or generators with no affiliation with a Registered NSP beyond a *network access contract*.

5.3.2 ISO's Submission

In its submission, the ISO noted that the current arrangements for visibility under clause A4.29 are also due to expire from 1 July 2023, and requested that these arrangements continue until the ISO publishes the *visibility list* under rule 105.

The ISO also strongly supported the transition of the interim procedures in A4.57 of the PNR to become permanent subject to appropriate consultation on the interim procedures.

With regard to Proposal C correcting a wrong cross reference in Subchapter 9.3, the ISO noted that rules 188A(2), 188C(a) and the note to 188B(1) also contain cross referencing errors.

5.3.3 Submissions assessment against the Pilbara electricity objective

The assessment in the first period submissions 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 2: Comments on the Pilbara Electricity Objective from the First Period Submissions

Submitter	Pilbara Electricity Objective Assessment
Confidential Submission	Agreed that the <i>rule change proposal</i> supported the achievement of the Pilbara electricity objective.
Pilbara ISO	<p>The ISO control desk requires visibility (access to certain data and information) to perform its functions under the rules including facilitating registered NSPs to achieve the system security objective.</p> <p>Any reduction in visibility without due consideration may result in the ISO control desk not being able to adequately perform its functions, for example to –</p> <ul style="list-style-type: none"> - Identify when a contingency or islanding event has occurred. - Identify when a network constraint may occur. - Identify when a pre-contingent action may be required. - Activate a protocol and provide a direction. <p>This may lead to a reduction in security and reliability of the interconnected Pilbara system and therefore does not promote the efficient investment in, and efficient operation and use of, services of the Pilbara networks for the long-term interests of consumers of electricity in the Pilbara region.</p>

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 outlined in the below table.

Table 3: Coordinator’s response to first period submissions

Issue	Submitter	Comment/Issue Raised	Coordinator’s Response
Proposal A			
<i>Level of detail around costs of connection application</i>			
1	Confidential Submission	The ability to comply with the PNAC will depend on the level of detail published by the ISO regarding those costs.	See section 6.1.1 of this report.
Proposal B			
<i>Establishment of a TCG</i>			
2	Confidential submission	Setting the eligibility requirements of the TCG in a procedure could result in the representation of registered NSPs, but inadequate representation of connected parties such as large loads or generators with no affiliation with a Registered NSP beyond a Network Access Contract.	See section 6.1.2 of this report.
Proposal C			
<i>Other cross-referencing errors</i>			
3	ISO	Rules 188A(2), 188C(a) and the note to 188B(1) contain cross referencing errors.	These errors have been addressed in the amending rules in section 7 of this report.
Other			
<i>Visibility requirements</i>			
4	ISO	The current arrangements for visibility under clause A4.29 are also due to expire from 1 July 2023, and these arrangements should continue until the ISO publishes the <i>visibility list</i> under rule 105.	See section 6.1.2 of this report

6. The Coordinator's Draft Assessment

In preparing this *draft rule change report*, the Coordinator was required to assess the *rule change proposal* against the matters outlined in clauses A2.4.A2 and A2.4.3 of the PNR.

In accordance with clause A2.4.A2 of the PNR, the Coordinator is satisfied that the proposed *amending rules* are consistent with the *Pilbara electricity objective*, as outlined under regulation 4 of the Regulations.

The Coordinator has also had regard to each of the matters outlined in clause A2.4.3 of the PNR in the assessment of the proposed amending rules, and in the draft decision to accept the *rule change proposal* in a modified form. The Coordinator's assessment of the proposed changes and the rationale for this draft decision is set out below.

6.1 Assessment of the Proposed Changes

The Coordinator supports the intent of ISO's *rule change proposal*, which consists of three proposals related to the functions of the ISO.

6.1.1 Proposal A

ISO access and connection related costs

Under Proposal A of its *rule change proposal*, the ISO seeks to introduce a method by which it may recover the costs associated with its access and connection functions under subchapter 9.2.

Currently the PNR is silent on how these costs should be recovered. Under Proposal A, the ISO would be able to recover costs related to an access or connection application from the relevant *registered NSP*, who would then be able to pass through the costs to the *connection applicant* or *access seeker*. This would effectively apply a user pays principle, with relevant costs incurred by the access seeker or connection applicant rather than distributed amongst the three *registered NSPs*.

The PAC provided support for this proposal at the relevant PAC meeting, but noted that there should be a number of clarifications in the *amending rules* to ensure that the costs are transparent, identifiable and directly attributable to the access application, i.e. distinguished from any shared costs.

The confidential submission also supported the proposal, noting that the amendment will increase the clarity of the cost recovery mechanism associated with the ISO's access and connection functions. The submission further noted that to enable participants' compliance with the relevant provisions of the PNAC, the ISO would need to publish an appropriate level of detail on its costs associated with access or connection applications.

The Coordinator supports the intent of Proposal A and the application of the user pays principle, and agrees with the PAC advice that the costs should be made transparent upfront and directly attributable to the relevant *connection application*.

The Coordinator has made amendments to this effect by introducing new subchapter 9.4. The new proposed rule 274Q also provides certainty and transparency by allowing the ISO to determine a standard fee class for its functions. The Coordinator notes that the ISO's *access and connection procedure* will also provide further detail on these matters.

Please refer to section 6.2 of this report for further explanation on the Coordinator's changes.

Additional Cost Recovery Provisions

In its proposal, the ISO highlighted that its primary relationship is with the *registered NSP*, which is why the proposed *amending rules* sought to recover costs under subchapter 9.2 from the *registered NSP* rather than directly from the *connection applicant*.

The Coordinator agrees with this rationale and considers that this same position should be applied to the cost recovery provisions for *connection point compliance* applications under subchapter 9.3. The Coordinator has therefore introduced new subchapter 9.4 to combine and make consistent the cost recovery provisions under subchapters 9.2 and 9.3. Further detail on the Coordinator's amendments is provided in section 6.2 below.

6.1.2 Proposal B

Procedure relating to ESS

Under transitional rule A4.57(h), the ISO has developed an interim procedure for ESS which it considers has enhanced the capability of the ISO to diligently and transparently specify, procure and enable ESS in accordance with subchapter 8.1 of the PNR.

As this interim procedure will expire on 1 July 2023, under Proposal B of the *rule change proposal* the ISO seeks to amend rule 244 to enable ESS to be managed using a permanent ESS procedure and to ensure the current consultation arrangements continue.

The ISO noted that, without arrangements for an ESS procedure to be in place from 1 July 2023, it would be difficult for the ISO to procure the next round of ESS and address other elements of ESS as the NWIS matures, including forecasting and risk assessment.

The PAC strongly supported Proposal B, but noted that the drafting should clarify that the EBAS and ESS procedures can be published as separate procedures, so as to avoid undue complexity that could discourage the entry of new rule participants.

The Coordinator agrees with the intent behind the ISO's proposal, and considers that a permanent ESS procedure is essential to maintaining the security and reliability of the NWIS. While the ISO's drafting outlined a list of items for inclusion in the procedure, the Coordinator has simplified and broadened the drafting to ensure that nothing important is excluded from the scope and to align the provision with the light-handed approach of the PNR.

In response to the PAC advice, the Coordinator has also separated the ESS procedure from the EBAS procedure, by introducing new subrule 244(2).

Technical Consultation Group

Under the interim procedure, the ISO also established a technical consultation group (TCG), comprised of technical experts with whom the ISO consulted on a range of matters related to the procurement and enablement of ESS. The ISO considered that this group collectively represented the best available understanding of the operation of the NWIS, and the potential risks to its security and reliability.

The confidential submission expressed concerns with the establishment of the TCG on the basis that, unlike the PAC, a TCG established from *registered NSP* representatives would not be reflective of all participants. The submission suggested revising the role of the PAC in considering procedure change proposals rather than establishing a new TCG.

The Coordinator notes the concerns in the confidential submission, but agrees with the ISO that its ability to form a group comprised of experts with particular experience and technical knowledge of the NWIS is beneficial for the performance of its functions in a manner which promotes the *Pilbara electricity objective*.

The Coordinator does not consider that the same level of flexibility and technical expertise could be achieved through the PAC's consideration of *procedure change proposals*. To address any remaining concerns, the Coordinator has introduced amendments to provide for the establishment

of “working groups” by the ISO, more generally, which includes provisions related to broader representation of members and consideration of the associated costs.

Further detail on the Coordinator’s amendments is provided in section 6.2 below.

6.1.3 Proposal C

Reference errors

In Proposal C, the ISO seeks to rectify an error under sub-appendix 4.13 by amending the reference to rule 274C(2) to 274B(3)(b). In its first period submission, the ISO also highlighted some additional referencing errors in rules 188A(2), 188C(a) and the note to 188B(1) and suggested that these are also rectified as part of this rule change.

The Coordinator agrees with the suggested changes by the ISO, both in its initial proposal and its submission, and considers that the need for these corrections is self-evident.

6.1.4 Interim Procedures

At the 30 March 2023 PAC meeting, the ISO noted that all of the other interim procedures developed under clause A4.57 are due to expire from 1 July 2023, and sought the PAC’s advice on whether these procedures may be retained (subject to appropriate consultation). The ISO also reinforced this position in its first period submission and highlighted the risks associated with letting the procedures lapse.

The PAC supported this proposal, noting that retaining the interim procedures was a reasonable starting point and given the time and resources already put into developing the procedures, would meet the objective of keeping downward pressure on prices.

The Coordinator agrees that retaining the interim procedures is the most effective solution to the expiry of the transitional rules, and notes that there are similar transitional arrangements for procedures developed under the Wholesale Electricity Market (WEM) Rules relevant to the implementation of the new WEM.

The Coordinator has, therefore, introduced new transitional arrangements in sub-appendix 4.14, which allow interim procedures to become the permanent procedure, subject to publication and appropriate consultation undertaken by 1 January 2024. This will allow the ISO to ensure that consultation with stakeholders is adequately staged. These amendments were developed with reference to the relevant provisions of the WEM Rules, which also allow for amendments to be made under the transitional process for six months following the start of the new WEM.

Visibility List

In its first period submission the ISO noted that the current arrangements for visibility under clause A4.29 are also due to expire on 1 July 2023, and requested that these arrangements continue until the ISO publishes the *visibility list* under rule 105.

The Coordinator accepts that the ISO control desk requires visibility to perform its functions and has drafted an additional interim arrangement under clause A4.80 to effect this change.

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.

General

- The Coordinator has introduced new rule 132A to allow the ISO to establish working groups comprising representatives of rule participants and other interested stakeholders.

- The Coordinator has introduced new rule 372 to apply the provisions of the Interpretation Act 1984 and address the effect of transitional rules ceasing.

Procedures

- The Coordinator has amended rule 75(2)(d) to broaden and simplify the requirements for what a Procedure may include with respect to information.

ESS Procedure

- The Coordinator has introduced new rule 244(2) to allow the ISO to develop an ESS procedure (in a separate subclause from that providing for the EBAS procedure).

Interim procedures

- The Coordinator has introduced new transitional arrangements under sub-appendix 4.14 (clauses A4.75 to A4.79), which provide for interim procedures to take effect as permanent procedures, provided there is appropriate publication and consultation undertaken before 1 January 2024. .

ISO access and connection costs

The Coordinator has introduced a new subchapter 9.4, under which the relevant cost recovery provisions under subchapter 9.3 and the ISO's proposed amendments to subchapter 9.2 have been combined and made consistent. A summary of the changes is as follows:

- Rules 270, 274 and 274J have been relocated to subchapter 9.4 and renumbered as appropriate.
- New rule 274O has been introduced to ensure the connection applicant bears its own costs of making an application.
- New rule 274P has been introduced to enable an NSP to recover the costs of performing its functions under subchapters 9.2 and 9.3 from a *connection applicant*.
- New rule 274Q has been introduced outlining provisions for the cost recovery of the ISO's functions under subchapters 9.2 and 9.3.
- New rule 274R has been introduced to ensure that the *connection applicant* bears the costs of implementing solutions for connection under subchapters 9.2 or 9.3.

ISO visibility list

- The Coordinator has introduced new transitional rule A4.80 to ensure that the current arrangements for visibility continue until the first *visibility list* takes effect.

Reformatting and consequential amendments – document stabilisation

The Coordinator has made a substantial number of additional minor and administrative amendments to the PNR as part of this *rule change proposal*.

The Microsoft Word version of the PNR, on which the published PDF is based, has become unstable. This impacts the efficiency of the *rule change process*, and also causes errors to appear in the published version. To address these problems, and establish a stable base for future rule change work, the Coordinator has rebuilt the document from the ground up.

In the course of, and to facilitate, this exercise, the Coordinator has made some changes to the document, most notably switching from the use of italics to the use of capitalisation to indicate defined terms. Capitalisation is less prone to formatting errors, and is platform independent.

At the same time, the Coordinator has used the opportunity to present the glossary as normal text, rather than in a table, for consistency with the WEM Rules.

The rebuild brought to light various minor punctuation and formatting errors, and revealed some cross-reference errors.

These changes will appear in the next version of the rules. While the changes are too numerous and widely distributed to present by way of mark-up, they are described in detail in Appendix A.

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

Proposal A

The Coordinator agrees with the ISO that Proposal A will introduce a user pays cost allocation method that is consistent with investment of the nature and scale that is most likely in the context of the Pilbara resource industry and the NWIS.

The Coordinator considers this will facilitate efficient and proportionate arrangements for both existing large participants seeking to make a connection application and new entrants of a smaller scale.

Proposal B

The Coordinator agrees with the ISO's assessment that a secure and reliable electricity supply in the NWIS is critical to supporting the ongoing growth and development of the Pilbara resources industry. The Coordinator considers that Proposal B, including the proposed additional amendments, will enhance the ISO's capacity to identify and manage risks, and ensure that an appropriate level of ESS is procured.

The Coordinator considers that enabling an ESS procedure will ensure an efficient level of ESS is procured on an ongoing basis will enabling the ISO to minimise ESS costs.

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

Proposal A

The Coordinator considers that the ISO's functions under subchapter 9.2 and 9.3 are essential to ensuring that connection applications are assessed in a manner that is consistent with the standards needed to maintain the security and reliability of the NWIS.

By providing certainty and clarity in relation to cost recovery, the Coordinator agrees that Proposal A will enhance the ability of the ISO appropriately allocate resources which will, in turn, contribute to the performance of its functions in maintaining the safe and secure operation of the NWIS.

Proposal B

The Coordinator considers that Proposal B is important to ensure that the ISO can procure the appropriate levels of ESS that maintain the secure and reliable operation of the NWIS and minimise potential supply disruptions.

(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

Proposal A

The Coordinator notes that the user pay principle that will be implemented under Proposal A is akin to the user pay approach for connection, access and system operation in both the National Electricity Market and the WEM. The Coordinator also notes that the application of this approach was also considered appropriate for the Pilbara in the consideration of the costs for *connection point compliance*.

Proposal B

The Coordinator agrees that Proposal B will assist the ISO in developing an approach to ESS procurement that is tailored to the unique circumstances of the Pilbara region, and is beneficial for the NWIS and its users.

6.4 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*.

6.5 Cost and Practicality of Implementation

6.5.1 Cost

While there are no direct costs associated with implementing Proposal A, the proposed *amending rules* would provide a mechanism for the ISO to recover its costs incurred under subchapters 9.2 and 9.3 from the *registered NSP*, and subsequently from the *connection applicant*.

In its proposal, the ISO estimated the costs for the provision of connection application services under Subchapter 9.3 to be approximately \$20,000 to \$40,000, with potentially higher depending on the scale and complexity of the connection.

The ISO noted that these costs are a relatively small component of the overall connection costs payable by a connection applicant, and considered them unlikely to present a barrier to entry.

Proposal B provides for the establishment of a TCG to advise the ISO in the performance of its functions and in the development of procedures (including the *ESS procedure*). The Coordinator has expanded this by introducing amendments under rule 132A to allow the ISO to establish working groups to assist or advise the ISO in connection with its functions.

The Coordinator notes that there will be administrative, resourcing and consultant costs associated with these working groups for both the ISO and relevant participants, and that these costs must be taken into account by the ISO in their establishment.

6.5.2 Practicality

If the Coordinator's amendments to the proposed *amending rules* are implemented, the ISO will need to ensure that all *interim procedures* it has developed undergo the requisite process for publication and consultation. To ensure that stakeholders are not overwhelmed with a large number of procedures published at the same time, the ISO has until the 1 January 2024 to complete the required consultation processes.

The ISO will provide further information on the number of procedures this will likely involve, and when participants can expect their publication.

The *rule change proposal* has practicality and efficiency benefits. The Coordinator's proposed amendments will allow the ISO to maintain and build upon existing interim procedures, including the *ESS procedure*, and save time and expense by duplicating effort and work.

6.5.3 Assessment

The Coordinator considers that any indirect costs that will arise from implementing the *rule change proposal* are outweighed by the benefits, which are outlined in full under the Coordinator's assessment of the proposals against the *Pilbara electricity objective* in section 6.3 above.

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 as at 31 March 2023.

In light of the general reformatting discussed above in section 6.1.3, the following changes are marked up against the reformatted version of the Pilbara Networks Rules as at 31 March 2023. Thus, defined terms are capitalised rather than italicised.

Subchapter 1.1 – Commencement and application

Provision for additional transitional rules

It's necessary to adjust rule 3, to accommodate the proposed changes in Appendix 4, discussed below.

...

3 Commencement

...

- (4) Subject to ~~rule A4.3 in~~ Appendix 4, the remainder of these rules commence at 8:00 AM on 1 July 2023.

...

Subchapter 1.2 – Interpretation

Modified definition of "ISO fee"

The changes set out in new Subchapter 9.4 (below) involve the recovery of certain of the ISO's costs. These need to be included within the definition of "ISO Fees" to integrate properly with PNAC section 153, which requires all ISO cost recovery to be by way of "ISO fees" under the PNR.

...

8 Glossary

...

ISO Fee: Means the Fee calculated under rule 129 [and a fee calculated under rule 274Q](#).

...

Subchapter 3.6 – Procedures

Minor refinement to rule 75(2)(d)

As noted below in relation to the ISO proposed changes to rule 244, the Coordinator proposes a shortform enabling provision for the ESS procedure. However, to make it clear that rule 75(2) can cover everything the ISO had proposed to list in its proposed new rule 244(2)(a) to (e), the Coordinator proposes to modify paragraph 75(2)(d) to make it simpler and broader. The ISO considers that this formulation will cover **forecasting** and **assessment** of, and **reporting** upon, information (under “use” of information), and **sources** and **updating** of information (under “provision” of information).

...

75 Procedures – Content

...

(2) A Procedure may include —

...

(d) requirements for [the provision, use, retention and disclosure of information to be submitted, disclosed or reported upon and requirements as to the updating, storage of information](#); and

...

Subchapter 4.6 – Miscellaneous

Ability for the ISO to form working groups, consultation groups, etc

The ISO proposed in draft rule 244(2)(a) and (b) that the ESS Procedure should deal with the ISO forming a technical consultation group in connection with ESS matters.

The Coordinator supports this proposal, but believes the power should apply more broadly. Accordingly, the Coordinator proposes new rule 132A below, to allow the ISO to form working groups or technical consultation groups to assist or advise the ISO.

Proposed rule 132A(2) ensures that the ISO considers the cost-effectiveness of any working group, both before it is created, and periodically thereafter.

...

132A Working groups

(1) The ISO may:

(a) establish and administer one or more working groups comprising representatives of Rule Participants and other interested stakeholders, to assist or advise the ISO in connection with its functions; and

(b) disband any such working group.

(2) Before establishing a working group, and from time to time thereafter, the ISO must consider whether the ISO's costs associated with the working group are consistent with the objective in rule 122(1)(b).

...

Subchapter 8.4 – Miscellaneous

Separate procedures

The ISO proposed to amend (what is now) rule 244(1) to create a combined ESS and EBAS Procedure. However, to avoid unnecessary renaming, the Coordinator proposes to deal with the ESS procedure in new subrule (2).

Under rule 73, the ISO remains free to combine the instruments if it wishes.

Shortform enabling provision

The ISO proposed to set out in new rule 244(2), a shopping list of matters the new ESS Procedure may deal with.

Such lists can be useful, but even with supporting words saying the list is non-exclusive, can risk an implication that items not mentioned are intended to be excluded. For example, the ISO's proposed rule 244(2)(c)(i) listed generation *capacity*, but not the generation's *nature* or *geographic location*, and proposed rule 244(2)(d) did not mention the ISO's ability under rule 200(2) to consider alternatives to a tender or other transparent process.

Although some rules which enable Procedures do have such shopping lists (e.g. rules 103, 121 and 274L) the Coordinator generally favours a shortform approach (as in rules 31, 133, 141, 161(2)(b), 266, 274 and 289), and so proposes to omit the ISO's proposed list.

Rule 75(2) enables a procedure to deal with a wide range of matters, and rule 75(3) makes it clear that this list is not closed. The Coordinator also proposes to expand rule 75(2)(d) as shown above. Thus, regarding the ISO's proposed rule 244(2), the Coordinator considers that:

- proposed paragraphs (a) and (b) are dealt with by the insertion of new rule 132A, described above;
- proposed paragraph (c) can be dealt with under rule 75(2)(d), especially with the amendments described above;
- proposed paragraph (d) can be dealt with under rule 75(2)(a) and (b), including the presently-omitted ability for the ISO to adopt an alternative approach; and
- proposed paragraph (e) can also be dealt with under rule 75(2)(a) and (b).

...

244 **EBAS and ESS Procedures**

- (1) The ISO must develop a *procedure* for energy balancing and for settlement of balancing and Essential System Service payments (“**EBAS procedure**”) setting out requirements relating to Subchapter 8.2 and Subchapter 8.3.
- (2) The ISO may develop a *procedure* for Essential System Services (“**ESS procedure**”) setting out requirements relating to Subchapter 8.1 including how the ISO will or may meet the objectives in rule 199 (ESS objectives).

...

Subchapter 9.2 – Access and connection

...

Rationalising costs provisions – Move rule 270(7)

Having created Subchapter 9.4 to rationalise the cost recovery provisions for Subchapters 9.2 and 9.3, the Coordinator proposes to move rule 270(7) to there. See new rule 274R.

270 ISO supervision of connection standards

...

- (7) ~~Except to the extent that the ISO, the registered NSP or another person has caused or contributed to the cost of a solution under rule 270(5) through conduct which is in breach of these rules or GEIP, the cost of the solution is to be met by the connection applicant. [Blank]~~

...

Move rule 274 to Subchapter 9.4

Having created Subchapter 9.4, the Coordinator proposes to move this Procedure-enabling provision to the same place – see rule 274N.

This matches the treatment elsewhere in the PNR, i.e. Subchapter 4.6 (rule 133), Subchapter 8.4 (rule 244) and Subchapter 10.4 (rule 289).

274 ~~ISO to develop procedure [Blank]~~

~~The ISO may develop a Procedure (“**Access and Connection Procedure**”) in connection with its functions under this Subchapter 9.2 and Subchapter 9.3.~~

Rationalising costs provisions – Move ISO’s proposed new rule 274A

The Coordinator therefore proposes to merge the costs provisions for Subchapters 9.2 and 9.3 together, in a new Subchapter 9.4, see below. ISO’s proposed new rule 274A will be dealt with there. See:

- for proposed rule 274A(1) — new rule 274Q; and
- for proposed rule 274A(2) — new rule 274P.

...

Subchapter 9.3 – Compliance at connection point

Reconciling costs provisions – Move rule 274J

Having created Subchapter 9.4 to rationalise the cost recovery provisions, the Coordinator proposes to move rule 274J to there. See new rule 274O and 274Q(6).

...

~~274J Costs of compliance at the connection point [Blank]~~

- ~~(1) The costs of making an application under this Subchapter 9.3, and of implementing and complying with the CPC measures for a CPC facility, are to be paid by the Connection Applicant.~~
- ~~(2) A Connection Applicant giving a 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(5) and if the ISO makes a declaration under rule 274K(4).~~

Subchapter 9.4 – Miscellaneous

Relocating the Procedure-enabling power

As discussed above, now that there is a Subchapter 9.4, the Coordinator proposes to move rule 274 to here.

To recognise the importance of access in the Pilbara regime, the rule now says that the ISO *must* develop this procedure.

274N ISO to develop access and connection procedure

- (1) The ISO must develop a Procedure (“Access and Connection Procedure”) in connection with its functions under Subchapter 9.2 and Subchapter 9.3.
- (2) The Access and Connection Procedure must specify how costs are to be identified and allocated for the purposes of rules 274O, 274P, 274Q and 274R.

Reconciling costs provisions

The ISO proposed changes to Subchapter 9.2 to clarify cost recovery.

These changes would have covered similar ground to the provisions recently inserted in rule 274J as part of Sub-chapter 9.3, but not in the same terms. Further, neither mechanism would have integrated properly with PNAC section 153.

The Coordinator therefore proposes to bring together and rationalise all the costs provisions for Subchapters 9.2 and 9.3 together, in a new Subchapter 9.4, as shown.

The provisions dealt variously with the following classes of costs:

1. the applicant's costs of the application process;
2. the NSP's costs of the application process;
3. the ISO's costs of the application process;
4. the costs of implementing and complying with any connection requirements including CPC measures.

The Coordinator proposes that these be dealt with as follows, in turn:

1. the applicant is to bear its own costs of the application process — new rule 274O;
2. the NSP's costs of the application process are to be dealt with by the User Access Guide for covered networks, and (should they ever arise) will be subject to negotiation for non-covered networks — new rule 274P
3. the ISO's costs of the application process are to be dealt with by way of a fee charged to the NSP, providing the costs charged are clearly attributable to the relevant application, are not better dealt with by way of shared costs through the ISO annual budget process, and have been transparently notified in advance — new rule 274Q.
4. the applicant's and NSP's costs of implementing and complying with any connection requirements are to be borne by the applicant, unless someone's misbehaviour has increased those costs — new rule 274R.

The above outcomes may be adjusted by agreement, the User Access Guide, or [a Procedure?] — new rule 274S.

Footnotes in the following rules show where the new rule was previously located.

274O Connection applicant's own costs¹

A Connection Applicant is to bear its own costs of preparing and progressing an Access Application or an application under rule 274B(1), or otherwise in connection with seeking Access under Subchapter 9.2 or Subchapter 9.3.

274P NSP's costs

An NSP's costs of performing a function under Subchapter 9.2 or Subchapter 9.3, including the payment of any fee under rule 274Q² —

(a) for a Covered NSP — are to be dealt with in accordance with its User Access Guide under the PNAC; and

¹ Derived from rule 274J. There is no equivalent in Subchapter 9.2.

² Addresses ISO's proposed rule 274A(2). See also former rule 274J(2) which provides that the ISO's Subchapter 9.3 costs are payable by the connection applicant, not the NSP.

(b) for a Non-Covered NSP — are to be dealt with as agreed between the NSP and the Connection Applicant.

274Q ISO's costs

- (1) The ISO's costs of performing a function under Subchapter 9.2 or Subchapter 9.3 in respect of a Connection Application may be recovered from the relevant registered NSP by way of a fee determined by the ISO.³
- (2) For the purposes of rule 274Q(1) —
 - (a) the ISO may from time to time determine and Publish a reasonable standard fee for a class of function or activity; and
 - (b) where there is no such standard fee, the fee must not exceed the costs which the ISO can identify as being directly attributable to the Connection Application.
- (3) A fee under this rule 274Q must not include costs for a function or activity which the ISO determines should be recovered by way of the ISO Fee under Subchapter 4.5, including because the function or activity is likely to provide a benefit more widely than for just the Connection Applicant.

{For example, if the resulting work product is likely to benefit more than one Connection Applicant, or if comparable work would likely have been required within a reasonable time frame whether or not this Connection Application was made.}
- (4) The ISO must notify the Registered NSP and the Connection Applicant of a fee under this rule 274Q, before commencing the work.

274R Costs of implementing, operating and maintaining solutions

- (1) Subject to rule 274R(2) and the User Access Guide under the PNAC, the Connection Applicant is to bear its own, and the Registered NSP's, costs of implementing, operating and maintaining —⁴
 - (a) any solution under rule 270(5) or otherwise required to achieve connection under Subchapter 9.2; and
 - (b) the CPC Measures for a CPC Facility.

³ Addresses ISO's proposed rule 274A(1). There is no equivalent in Subchapter 9.3.

⁴ Derived from rules 270(7) and 274J(1).

- (2) To the extent that another person (including the ISO or the Registered NSP) causes or contributes to a cost referred to in rule 274R(1) through conduct which is in breach of these rules or GEIP, then that other person must bear the costs it causes or contributes to.⁵

Subchapter 14.4 – Transition

Managing the transition from Appendix 4 rules to the main body of rules

Because the *Interpretation Act 1984* does not automatically apply to the PNR, it's prudent to pick up some of the standard machinery for this transition.

Section 36 of the *Interpretation Act 1984* deals with repeal of a provision, and its re-enactment in the same or a different form. Used here, it provides for a seamless transfer between the ceased transitional rule and the newly-commenced primary rule. For example a process commenced under the transitional rule can continue under the primary rule.

Section 37 of the *Interpretation Act 1984* preserves the validity of things done under the ceased transitional provisions. For example, rule A4.10 should continue to protect the ISO for things it did or did not do during the transitional period.}

...

372 Effect of transitional rules ceasing

- (1) Section 37 (General savings on repeal) of the *Interpretation Act 1984* applies with appropriate amendments to the cessation of a provision in Appendix 4.
- (2) Section 36 (Effect of repeal and re-enactment) of the *Interpretation Act 1984* applies with appropriate amendments if a ceased provision in Appendix 4 is replaced by a comparable provision in the main body of these Rules.

Appendix 4 – Transitional Rules

Sub-appendix 4.1 – Introduction

...

~~These rules apply in the transition period~~ When Sub-appendices 4.1 to 4.13 apply

- A4.2 The transitional rules in ~~this Appendix 4~~ Sub-appendix 4.1 to Sub-appendix 4.13 have effect on and from the rules commencement date and cease to have effect at 8:00AM on 1 July 2023 (“transition period”).

...

⁵ Derived from rule 270(7) although that does not explicitly mention the NSP. There is no equivalent in Subchapter 9.3.

Sub-appendix 4.8 – Developing initial procedures

Finalising interim procedures

The proposed new treatment for Interim Procedures is set out in new Sub-appendix 4.14.

To ensure there is no clash with the existing transitional provisions, the ISO proposes to delete rules A4.59(b) and A4.60.

Interim procedures

...

A4.59 For a *procedure* to which this rule A4.59 applies —

the ISO, when developing the procedure, may abridge or dispense with consultation to the extent it judges appropriate, and publish an interim procedure.; but

~~if so, the ISO must as soon as practicable after publishing the interim procedure, undertake the consultation which would otherwise have been required by these rules in respect of its development, and must thereafter publish a procedure to replace the interim procedure.~~
[Blank]

A4.60 ~~An interim procedure published under rule A4.59(a) has effect as the procedure, until replaced under rule A4.59(b).~~ [Blank]

Sub-appendix 4.13 – Transitional process for Pluto CPC measures

Transitional process for Pluto CPC measures

A4.73 To the extent that the ISO considers that things done before the commencement of this rule A4.73 deal adequately with matters to be considered and steps to be taken under Subchapter 9.3 in connection with proposed CPC Measures for the Pluto Facility –

(a) the *ISO*, the *host NSP* and the Connection Applicant may take those things into account for the purposes of Subchapter 9.3, as if they were done under Subchapter 9.3; and

the *ISO* may by Published notice waive some or all of rules 274B(1), 274B(5) and ~~274B(3)(b)~~274C(2).

...

Sub-appendix 4.14 – Transitional rules for the period from 1 July 2023

When this Sub-appendix 4.14 applies

A4.75 This Sub-appendix 4.14 applies from 8:00AM on 1 July 2023, and prevails over any other provision of these Rules to the extent of any inconsistency.

Interim procedures — Publication and consultation

A4.76 In this Sub-appendix 4.14, “Interim Procedure” means an interim Procedure developed and Published by the ISO before 1 January 2024.

A4.77 Before 1 January 2024 —

- (a) the ISO may Publish an Interim Procedure or amendments to an Interim Procedure, and the Procedure Change Process does not apply; and
- (b) the ISO must ensure that it has Published for consultation each Interim Procedure or amendment, and has Published each submission it receives in reply and its response to any issues raised in the submission.

Interim procedures become Procedures

A4.78 From 8:00AM on 1 January 2024 —

- (a) if the ISO has complied with rule A4.77(c) in respect of an Interim Procedure — the Interim Procedure takes effect as the Procedure; and
- (b) the Procedure Change Process applies.

Publication

A4.79 For the purposes of these Rules including this Sub-appendix 4.14, and despite rule 290, a thing is taken to be Published if before 8:00AM on 1 January 2024 the ISO disseminated it on a non-confidential basis to persons the ISO judged would be interested in responding, or otherwise made reasonable endeavours to place the thing in the public domain.

Interim Visibility arrangements

A4.80 Unless all Registered NSPs and the ISO unanimously agree otherwise, if a location was Visible at 15 March 2019, then it must remain Visible until the first Visibility List takes effect.

Appendix A. Rules Stabilisation Amendments Summary

Capitalisation replaces italics for defined terms, italicisation errors corrected

Defined terms have been capitalised to reflect the formatting of the WEM Rules.

There were various instances throughout the rules in which terms should have been italicised, but were not. The Coordinator has endeavoured to correct all in identifying defined terms by ensuring all defined terms are capitalised. In doing so the Coordinator has removed any legal uncertainty that may have arisen as to whether or not the defined term is a word's intended meaning.

Glossary no longer in table form

The definitions in the PNR are now presented as normal text paragraphs, rather than being in table form. This reflects the formatting of the WEM Rules.

This involved a suite of punctuation and minor grammatical changes, namely:

- Insertion of colons after each label.
- Capitalising the first word of the definition text, except where the definition jumps straight into a numbered list (e.g. in the definition of "Associate").
- Relocating explanatory {notes} which appeared in the left-hand column, and removing full stops (e.g. in the definition of "Connection").
- Changing the opening words of rule 8, which make mention of a table.

The Coordinator does not consider that any of these changes have legal significance.

In the course of reworking the glossary, the Coordinator has made other minor changes described below.

Ensuring all multi-paragraph definitions in the Glossary have paragraph numbers

In some of the definitions which contain multiple paragraphs, the paragraphs were not numbered. To improve the glossary's formatting, and improve user-friendliness, the Coordinator has ensured that all multi-paragraph definitions contain paragraph numbers. This involved changes to the rules listed in **the table below**.

Table 4 – Definitions in which previously unnumbered paragraphs have been numbered

Definition
Covered
Enable
Final Rule Change Report
Generation Facility
Network Access Contract
Network User (see more information below this table)

The definition of "**Network User**" was not previously paragraphed, so the changes there included inserting a semicolon before "and" and a line break after it, and replacing " , " in new para (b) with " — ".

The Coordinator does not consider that any of these changes have legal significance.

Other minor reformatting and typographical corrections in Glossary

The Coordinator has made the minor changes to rule 8 described in **Table 5**. The Coordinator does not consider that any of these changes have legal significance. For the changes described in the first row, the word “means” was already clearly inferred.

Table 5 – Other editorial corrections in the glossary

Definition(s)	Minor correction to definition
Contingency, Enabled Generating Units, Islanding Event, Network Constraint, Network Limit, Notional Exit Point, Notional Wholesale Meter, PAC Secretariat, and Secondary FCESS	The word “Means ...” has been added to the start of these definitions.
Disable, Nominator, and Public	“ — ” has been replaced by “ , ”
Network Access Contract, Non-Covered, and Power System	In each paragraph of each definition, the first “ , ” has been replaced by “ — ”
Generation Facility	For consistency, the word “but” has been moved below the {note} which follows para (a)
Network Planning Criteria	“Means, for a Network,” has been replaced by “For a Network, means”
Primary FCESS Contract, SRESS Contract, System Coordination Report, and Transmission Development Plan	At the start of each definition, “Is” has been replaced by “Means”.
Publish	Has been amended from: “Means where a person is required to publish a thing — that ...” to “Where a person is required to publish a thing — means that ...”
Real Time Function	Label has been corrected from “Real Time Functions”

Statement of Reasons	Has been amended from <p style="text-align: center;">“Means, in respect of a Final Determination, the ...”</p> to <p style="text-align: center;">“In respect of a Final Determination, means the ...”</p>
-----------------------------	---

Minor formatting and typographical changes to definitions elsewhere in the rules

The Coordinator has made minor changes to definitions elsewhere in the rules, as described in Table 6.

The Coordinator considers most of these changes to be of no legal significance. The various changes regarding the defined term “Applicant” remove what might have otherwise have been an ambiguity.

Table 6 – Editorial corrections to definitions elsewhere in the rules

Rule containing other definition	Minor correction
57(1)	The embedded definition “Applicant” should be limited to only rule 57, because the word “Applicant” is used in other senses elsewhere. Accordingly: <p style="text-align: center;">“(“Applicant”)”</p> has been replaced by <p style="text-align: center;">“(in this rule 57, the “Applicant”)”</p>
63(1)(c)	The embedded definition “(“ Connection Date ”)” is not used, and has been deleted.
64(1)	As the opposite of rule 57 above, this rule lacks an embedded definition of “Applicant”, which could create ambiguity. Accordingly: <p style="text-align: center;">“... or Controller may apply ...”</p> has been replaced by <p style="text-align: center;">“... or Controller (in this rule 64, the “Applicant”) may apply ...”.</p> In addition, “applicant” has been capitalised in rules 64(7) and 64(9).
72(1)	The embedded definition “(“ First Network ”)” is not used, and has been deleted.
147(1)	The embedded definition “(“ Applicant ”)” is not used, and has been deleted.
227(d)	Quotation marks have been added to the 6 embedded definitions.
234(4)	Quotation marks have been added to the 6 embedded definitions.

Other minor typographical corrections throughout the rules

In the course of reformatting the rules document, various typographic errors have been corrected in passing. Where these had no or trivial legal consequence, the Coordinator addresses them in Table 7. The Coordinator does not consider that any of these changes have legal significance.

Table 7 – Other editorial changes made in passing

Rule	Minor correction
4	In the final row of the table (Class 3), “Rules” is replaced with “These Rules”
4, final row of the Table	“Rules” replaced by “ These Rules”
8, definition of “Interim Determination”	Reference to “ an Rules Dispute” corrected to “ a Rules Dispute”.
8, definition of “Protected Provision”	“ the Rules” replaced by “ these Rules”
8, definition of “Reviewable Decision”	“decisions” replaced with “a decision”
8, definition of “SRESS”	“is define” replaced with “is defined”
9(1)(g) and (i)	“ the Rules” replaced by “ these Rules”
17(3)(a)	“an other” is replaced with “another”
62(1)(b)	“Change of Class” is replaced with “Change in Class”
62(3)(b)(ii), and 63(3)(b)(ii)	In both places, the expression “minus —” appeared with the incorrect level of indentation. It has been corrected in both places to align with the body text of sub-sub-paragraphs (A) and (B).
117(1)	“ the Rules” replaced by “ these Rules”
152(3)	For consistency, the word “and” has been moved below the {note} which follows para (a).
[188(2)]	[Paragraphs formerly numbered (i) to (v) have been renumbered to be (a) to (e).]
190(1)(a)	An “or” has been added to the end of this paragraph.
198(1)	“a change in to” replaced by “a change to”.
198(1)	“ the Rules” replaced by “ these Rules”
212(1)(a), and 212(2)(a)	In both paragraphs, the expression Required Headroom Level is not a definition – the definition appears in rule 210(c). Accordingly, in both places <p style="text-align: center;">“ Required Headroom Level ”</p> has been replaced by <p style="text-align: center;">“ Required Headroom Level ”.</p>
235(3)(a), and	In both paragraphs, replace “ ; ” with “ — ”

235(3)(b)	
250(3)	In the opening words, replace “ ; ” with “ — ”
261(2)(a), second {note}	Replaced “ “ relevant persons ” ” with “ “ relevant person ” ”.
307(1)	In the rule and its {note}, “ the Rules” replaced by “ these Rules”
310	In 4 places, “ the Rules” replaced by “ these Rules”
311	“ the Rules” replaced by “ these Rules”
318(1)(a)	“ the Rules” replaced by “ these Rules”
318(1)(b)	“ the Rules and Procedures” replaced by “ these Rules and the Procedures”
330(1)	“ an Rules Dispute” replaced by “ a Rules Dispute”
333(8)(b)	“ If the arbitrators” replaced by “ if the arbitrators”
334(3)(b)	Surplus word “section” deleted.
370(2)	“Reviewable Decisions ” replaced by “ a Reviewable Decision ”
Appendix 2	
A2.8.13(f)	“ rules ” replaced by “ rule ”
A2.17.3	“Reviewable Decisions ” replaced by “ a Reviewable Decision ”
A4.7A	In the opening words, replace “ : ” with “ — ”
A4.11	In 2 places, “ the Rules” replaced by “ these Rules”
A4.13	“ the Rules” replaced by “ the rest of these Rules”
A4.21A	In the opening words, replace “ : ” with “ — ”
A4.31	“ an existing user” replaced with “ a legacy user”
A4.35	In the opening words, “ an existing user” replaced with “ a legacy user” In paragraphs (a) and (b), “the existing user” replaced with “the legacy user”
A4.36	In the opening words, “ an existing user” replaced with “ a legacy user”
A4.36(a)	“ existing users” replaced with “ legacy users”
A4.36(e)	In the opening words, “ existing user” replaced with “ legacy user”
Various	Replaced “ – ” (en-dash) with “ — ” (em-dash) in various places.

Removing surplus "(1)"s

In the rules listed in Error! Reference source not found. 8, the rule was numbered as subrule (1) when there was no subrule (2). The surplus "(1)" has been removed in each instance:

Stakeholders are invited to comment if they have any concerns about this change.

Table 8 – Rules with surplus "(1)" removed

Rule from which surplus "(1)" has been removed
26
203
268
271
280
284
354

Table of contents corrected

In version 31 March 2023 of the PNR, the table of contents did not reflect the insertion of Subchapter 9.3. This will be corrected in the next version.

Cross-references corrected

There were a number of broken cross-references in version 31 March 2023 of the PNR, which the Coordinator has remedied as listed in Table 9.

While this change could potentially have legal significance, because it removes the uncertainty created by the broken reference, the Coordinator judges that it's appropriate to fix them.

Stakeholders are invited to comment if they have any concerns about these changes.

Table 9 – Corrected cross-references

Rule	Incorrect reference	Corrected reference
rule 8, definition of "Protected Provision"	rule 0	rule 39(2)(e)
rule 232, {note}	rules 235(2)(b), 0 and 0	rules 235(2)(b), 235(2)(c) and 235(2)(d)
rule 235(2)(a)	rules 235(2)(b) to 0	rules 235(2)(b) to 235(2)(d)

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