



## Minutes

<b>Meeting Title:</b>	Pilbara Advisory Committee ( <b>PAC</b> )
<b>Date:</b>	25 May 2023
<b>Time:</b>	2:04pm – 3:05pm
<b>Location:</b>	Videoconference (Microsoft Teams)

<b>Attendees</b>	<b>Class</b>	<b>Comment</b>
Sally McMahon	Chair	
Jacinda Papps	Registered Network Service Provider ( <b>NSP</b> )	From 2:09pm
David Stephens	Registered NSP	His last meeting, to be replaced by Sandy Morgan as Horizon Power's representative
Momcilo Andric	Registered NSP	
Chris Bossong	Excluded NSP	
Neil Midolo	Excluded NSP	
Chris Alexander (proxy for Geoff White)	Small-Use Consumer	
James Campbell-Everden	Independent System Operator ( <b>ISO</b> )	
Noel Ryan	Observer appointed by the Minister	

<b>Also in Attendance</b>	<b>From</b>	<b>Comment</b>
Dora Guzeleva	PAC Secretariat	Observer
Sarah Graham	PAC Secretariat	Observer
Thomas Marcinkowski	PAC Secretariat	Observer
Li-Lin Ang	Rio Tinto (Senior Corporate Counsel)	Observer

<b>Apologies</b>	<b>From</b>	<b>Comment</b>
Geoff White	Small-Use Consumer	Chris Alexander attended as proxy

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

Item	Subject	Action
<b>1</b>	<b>Welcome</b>	
	<p>The Chair opened the meeting at 2:04pm with an Acknowledgement of Country and welcomed the PAC members.</p> <p>The Chair noted that as the Independent Chair, the views or advice provided by the PAC to the Coordinator of Energy (Coordinator) do not represent her personal views.</p> <p>The Chair advised that the meeting was being recorded for the purposes of capturing minutes.</p>	
<b>2</b>	<b>Meeting Apologies/Attendance</b>	
	<p>The Chair noted the attendance and apologies as listed above.</p> <p>The Chair noted that this was David Stephens's final PAC meeting, and that Sandy Morgan would be replacing him as Horizon Power's representative on the PAC. The Chair thanked Mr Stephens for his participation and contribution to the PAC to date.</p> <p>The Chair welcomed Li-Lin Ang as an observer for the purposes of assisting Rio Tinto with its consideration of the PRC_2023_01 rule change.</p>	
<b>3</b>	<b>Competition Law Statement</b>	
	<p>The Chair acknowledged the Competition Law Statement and the related obligations of PAC members, and encouraged members to bring any Competition Law issues to her attention as they may arise.</p>	
<b>4</b>	<b>Minutes</b>	
	<p><b>(a) Minutes of Meeting 2023_03_30</b></p> <p>The PAC noted the minutes of the 30 March 2023 PAC meeting and that these had already been approved by the PAC.</p>	
<b>5</b>	<b>Action Items</b>	
	<p>The closed action items were taken as read and there were no comments from the PAC on this item.</p>	
<b>6</b>	<b>Rule Changes</b>	
	<p><b>(a) PRC_2023_01 – Overview of Rule Change Proposals</b></p> <p>The Chair noted the draft rule change report for PRC_2023_01 was published on 12 May 2023.</p> <p>The Chair noted rule change PRC_2022_01 commenced on 31 March 2023.</p> <p>The paper was taken as read and there were no comments from the PAC on this item.</p>	

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	<p data-bbox="300 262 1114 331"><b>(b) PRC_2023_01 – Various Pilbara ISO Functions (Access and connection costs; ESS procurement; CPC measures)</b></p> <p data-bbox="300 344 1214 414">The Chair outlined the recommendations in the cover paper, which asked the PAC to consider the draft rule change report for PRC_2023_01, and:</p> <ul data-bbox="300 427 1214 696" style="list-style-type: none"> <li data-bbox="300 427 1214 533">• discuss the Coordinator’s additional amendments to the proposed amending rules and determine whether they sufficiently address the PAC advice previously provided to the Coordinator;</li> <li data-bbox="300 546 1214 616">• provide any further advice to the Coordinator on whether the PNR as amended would better achieve the Pilbara electricity objective; and</li> <li data-bbox="300 629 1214 696">• advise whether any further changes should be made to the proposed amending rules.</li> </ul> <p data-bbox="300 710 1203 815">The Chair noted that she would summarise the discussion and seek to draw together a final PAC position to be captured in the minutes as the PAC’s further advice to the Coordinator.</p> <p data-bbox="300 828 1198 934">The Chair noted that the second submission period closes on 12 June 2023 and that this provides an opportunity for individual members to make a submission.</p> <p data-bbox="300 947 1129 983">Ms Guzeleva provided an introduction to the agenda item, noting that:</p> <ul data-bbox="300 996 1214 1305" style="list-style-type: none"> <li data-bbox="300 996 1214 1066">• the Coordinator received two submissions on the ISO’s rule change proposal – one from the ISO and one confidential submission;</li> <li data-bbox="300 1079 1214 1187">• the Coordinator’s draft decision was to accept the rule change proposal – with additional changes made to the amending rules to reflect the first period submissions and the advice from the PAC; and</li> <li data-bbox="300 1200 1214 1305">• as Mr Campbell-Everden had previously provided a comprehensive overview of the proposal – discussion would be focused on these additional changes to the amending rules.</li> </ul> <p data-bbox="300 1319 802 1348"><u>Proposal A: Access and connection costs:</u></p> <p data-bbox="300 1361 1139 1467">Ms Guzeleva noted that the Coordinator supported Proposal A and the causer pays principle, and provided an overview of the additional amendments, which included amendments to:</p> <ul data-bbox="300 1480 1214 1865" style="list-style-type: none"> <li data-bbox="300 1480 1214 1630">• allow the ISO to distinguish between costs that are directly attributable to the connection application (and may be passed through to relevant NSP), and costs that are shared and have wider implications or benefits (and would be spread across the NSPs);</li> <li data-bbox="300 1644 1214 1749">• allow the ISO to determine and publish a standard fee to ensure there is more clarity and transparency around the ISO costs that would be payable by the access or connection applicant; and</li> <li data-bbox="300 1762 1214 1865">• align and combine the cost recovery mechanisms for both connection point compliance (CPC) and access and connection applications under the same subchapter.</li> </ul> <p data-bbox="300 1879 1165 1946">The Chair invited comments or questions on the draft report in respect of Proposal A.</p> <p data-bbox="300 1960 1219 2027">Mr Alexander asked whether smaller residential customers were exempt from these access and connection costs.</p>	

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	<p>Mr Campbell-Everden confirmed that small users would not be captured under subchapter 9.2 of the PNR as they would not meet the relevant threshold.</p> <p>Mr Momcilo Andric expressed the following general views regarding Proposal A:</p> <ul style="list-style-type: none"> <li>• it would be cleaner and simpler for the ISO to estimate the costs upfront and recover them directly from the access seeker in advance of performing its functions (rather than recover them through the registered NSP);</li> <li>• if the costs are passed through the registered NSP, a situation may arise in which a registered NSP is required to recover costs from an access seeker with whom they have no commercial relationship; and</li> <li>• there may also be situations in which several registered NSPs are involved in a single access and/or connection process which would lead to complexity.</li> </ul> <p>The Chair invited Mr Campbell-Everden to respond to Mr Andric. He noted the following:</p> <ul style="list-style-type: none"> <li>• the access and connection process clearly delineates the roles of the access applicant, the registered NSP, and the ISO and it has been drafted for covered networks;</li> <li>• the covered NSPs must work with connection applicants to meet the registered NSP's obligations under the access and connection process, and the ISO's role is to conduct due diligence checks as required;</li> <li>• it may not make sense to follow the access and connection procedure if the access seeker has approached the ISO directly and does not have a relationship with the NSP.</li> </ul> <p>Mr Andric added that this may become more complicated if the access seeker is a competitor or potential competitor of the NSP.</p> <p>Mr Campbell-Everden noted that the ISO has also identified a number of gaps in the access and connection procedure and PNR where there is a registered NSP and a potential registered NSP (upon connection), and so there is room for some potential carve outs under the procedure.</p> <p>The Chair asked Mr Campbell-Everden whether Mr Andric's query regarding the estimate and payment of ISO costs has been covered off.</p> <p>Mr Campbell-Everden noted that the ISO does not require payment upfront, provided the costs are clearly outlined in advance and are recovered through the registered NSP.</p> <p>Ms Papps referred to the changes to the proposed rule 274R noting the following:</p> <ul style="list-style-type: none"> <li>• the amendments state that the applicant is to bear the costs, referencing the user access guide. However, it is unclear how this would interact with separate commercial agreements ;</li> <li>• the user access guide wouldn't necessarily cover this kind of commercial agreements so the drafting may need to be reconsidered.</li> </ul>	

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	<p>Ms Guzeleva noted that EPWA had previously considered this issue and would ensure that it is raised again with the drafter.</p> <p>Ms Guzeleva also invited Alinta to make a submission on the matter, to which Ms Papps agreed.</p> <p>Ms Guzeleva noted that the previous discussion on whether costs should be charged straight to the applicant had not been resolved and requested clarification.</p> <p>The Chair summarised the discussion as follows:</p> <ul style="list-style-type: none"> <li>• There may be a situation where the access seeker may go directly to the ISO or there may be more than one registered NSP involved.</li> <li>• There may, therefore, be a gap in the drafting when it comes to the treatment of covered versus non-covered networks and the issue requires further consideration.</li> </ul> <p>Ms Guzeleva agreed but noted there still remained the issue that was raised regarding whether the ISO should charge costs directly to the applicant. The following was discussed:</p> <ul style="list-style-type: none"> <li>• Mr Andric clarified that the ISO recovering its costs from a registered NSP, which would then pass them onto an access seeker, would make ISO's cash flow more complicated. He noted that upfront payment is better for managing cash flow, particularly for smaller organisations.</li> <li>• Mr Campbell-Everden responded with the following: <ul style="list-style-type: none"> <li>○ Generally access and connection applications will be for the covered networks, for which the roles and responsibilities of the parties and the interaction between them is clearly set out.</li> <li>○ The interactions in this circumstance is always between the registered NSP and the access applicant, not the ISO and the access applicant.</li> <li>○ There is scope to differentiate between the covered and non-covered networks as the current flow charts in the procedure do not cover this potential scenario.</li> <li>○ This also applies to other scenarios in which the ISO is required to do modelling under the PNR and there is no ability to recover its costs.</li> </ul> </li> </ul> <p>Ms Guzeleva asked Mr Campbell-Everden to confirm that, if there were a higher number of applications and if the ISO was to charge applicants directly, this would require a more sophisticated billing system and thus would increase the ISO's costs.</p> <p>Mr Campbell-Everden provided the following answer:</p> <ul style="list-style-type: none"> <li>• The reason the ISO should not bill the applicant upfront is because the ISO's relationship is with the registered NSPs.</li> <li>• If the ISO needed to form a relationship with the applicants, it would need to investigate their financial details to determine solvency and the ISO is not resourced to do this.</li> </ul>	

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- Noting Momcilo’s point earlier, what is proposed is a cleaner and simpler approach from a billing point of view as even if there are a large number of applications and payment is delayed, payment is ultimately still guaranteed through the registered NSP.

The Chair asked each PAC member whether there were further questions or comments on Proposal A.

Mr Campbell-Everden noted that ultimately it comes down to the access and connection process, and the fact that the ISO’s relationship is with the registered NSP (not the connection applicant).

Mr Stephens had no further comment but advised Horizon Power would be making a second period submission.

Mr Chris Bossong noted that his previous comments seem to have been addressed and he had nothing further.

Mr Chris Alexander noted that he was happy with the proposal.

Mr Neil Midolo noted that the proposal is not something that impacts FMG but is happy with what is happening.

The Chair invited Ms Guzeleva to introduce Proposal B.

**Proposal B: Essential System Services Procedure**

Ms Guzeleva provided a summary of the additional changes to Proposal B and noted the following key points:

- The PAC had been very supportive of the proposal from an efficiency point of view and only one comment had been made around ensuring the ESS and EBAS procedures are separate documents under the rules. The Coordinator has made additional amendments to the rules to this effect.
- The ISO’s proposal also sought to retain the Technical Consultation Group (TCG) which it formed (with the technical experts in the Pilbara) to provide input in the development of the ESS procedure.
- The confidential submission expressed concerns around the TCG predominantly consisting of the registered NSPs, and suggested that the procedure change process and the PAC would be a more appropriate group to provide future input into the ESS procedure.
- The Coordinator considered that the ISO’s should retain its ability to form working groups, as with the Woodside rule change proposal this proved very effective.
- To Coordinator has made amendments to enable the ISO to establish any working group to assist with technical matters. However (to address the confidential submission) any working group should consist of any stakeholders with an interest in the process.

The Chair invited questions and comments from the PAC on the draft position presented in the paper, and in particular whether the amendments address previous advice by the PAC.

Mr Midolo confirmed his support for the changes and noted that there needs to be broader representation on the TCG as there are parties other than the registered NSPs who have an interest in the development of procedures.

Item	Subject	Action
	<p>Mr Alexander noted the amendments were good from a small customer perspective as they ensure greater clarity and more balanced representation.</p> <p>Mr Campbell-Everden referred to the ISO's status as an independent body and noted that it was never the intent of the ISO to exclude people or groups with an interest in developing the ESS procedure.</p> <p>Ms Guzeleva advised PAC members that it is preferable that parties submit redacted public submissions if required instead of confidential submissions, as it is more difficult for the Coordinator and the PAC to consider confidential submissions.</p> <p>The Chair noted Ms Guzeleva's comment and invited her to introduce Proposal C.</p>	
	<p><b>Proposal C: Reference error with regard to Pluto Connection Point Compliance (CPC)</b></p>	
	<p>Ms Guzeleva noted that Proposal C simply corrects some cross-referencing errors and invited any feedback from the PAC on these corrections.</p> <p>Ms Papps supported the changes but noted that the changes to the formatting of defined terms has created inconsistency between the PNR and the PNAC, and asked whether the PNAC would be updated to reflect the new PNR formatting.</p> <p>Ms Guzeleva responded that, ideally, the PNAC formatting would also be changed. However, as her team is not responsible for the PNAC, she would confirm this with the relevant team.</p> <p>Ms Guzeleva added that the reason the italics were changed to capitals is that quite often italics fall away when changes are being made to the instrument.</p>	
	<p>Ms Guzeleva added that there were also some additional amendments made by the Coordinator relating to the interim procedures, noting the following key points:</p>	
	<ul style="list-style-type: none"> <li>• Amendments have been made to allow for interim procedures developed under the PNR to become permanent, provided the ISO publicly consults for at least 15 Business Days on each procedure before 1 January 2024.</li> <li>• The view of the PAC was that it is more efficient to carry these procedures past 1 July 2023, as any person is able to propose changes to any procedure.</li> <li>• An amendment has also been made in response to the ISO's submission, which is to extend the current arrangements for visibility until such time as the permanent visibility list can be established under rule 105.</li> </ul>	
	<p>Mr Campbell-Everden added the following related points:</p> <ul style="list-style-type: none"> <li>• The current visibility arrangements fall away on 1 July 2023 and there is likely to be a gap before the permanent visibility list is able to come into effect under rule 105 as more work it is needed on it. This is the rationale for extending the interim visibility arrangements.</li> </ul>	

Item	Subject	Action
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- Some of the work will also follow on from the protocol framework procedure, which is due to commence on 1 July 2023, and involves the role of the ISO control desk and what it needs to see to be able to perform its functions.
- A protocol framework procedure has already been drafted by the ISO. However, further work is needed, including consultation with Horizon Power, so there is potentially a gap between 1 July 2023 and when the procedure can be finalised.

Ms Guzeleva added that the Coordinator is seeking to commence the amending rules on 1 July 2023 due to the expiry of a number of interim procedures on that date. This is the reason for the expedited preparation of both the draft and the final rule change reports.

The Chair invited further questions or comments on the Coordinator's additional amending rules. There were no additional comments.

The Chair confirmed that the PAC's advice to the Coordinator should note that PAC generally supports the amending rules and considers that they reflect the previous PAC advice and better achieve the Pilbara electricity objective. The PAC also made a number of additional comments on each of the proposals as follows:

#### **Proposal A**

- There is a potential gap with the treatment of covered vs non-covered networks and the impact this would have on ISO cost recovery, and this should be considered further in the drafting of the final rules.
- This should include consideration of where the ISO is directly approached by an access seeker and where there is more than one registered NSP involved in a particular process.
- There should be further consideration of rule 274R and how it would interact with commercial arrangements between a registered NSP and connection applicant – to ensure there are no unintended consequences.

#### **Proposal B**

The PAC supports the changes and recognises the benefits of having a broad and balanced representation of members on working groups.

#### **Proposal C**

The PAC supports the changes but notes the need to determine whether there will be potential inconsistencies between formatting and definitions in the amended PNR and the PNAC.

The Chair reminded PAC members that second period submissions for the rule change proposal are due on 12 June 2023.

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## **7 General Business**

The Chair noted that the next meeting will be held at 9:30am on Thursday 27 July 2023 and closed the meeting.

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**The meeting closed at 3:05pm.**