

To: Secretariat, Pilbara Energy Transition
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Rio Tinto Submission Evolution of the Pilbara Electricity Access Regime Consultation Paper of 4 February 2025

1 Summary

Thank you for the opportunity to provide submissions in response to the 4 February 2025 “Evolution of the Pilbara Electricity Access Regime” Consultation Paper (**Consultation Paper**).

This submission is lodged on behalf of Pilbara Iron Pty Ltd (**Rio Tinto**).

Rio Tinto has comments on only a few aspects of the Consultation Paper and reserves its right to make further comments going forward as discussions on the various proposals contained in the Consultation Paper progress.

2 Proposal 1 – Coverage (Paragraph 2.1.3 - Item 1.1 and Item 1.5)

Rio Tinto notes there are potential adverse impacts flowing from the proposal for *automatic* coverage. Rio Tinto considers it preferable for a discretion to be vested in the Minister so that coverage can be considered on a case by case basis for new networks. Rio Tinto notes that automatic coverage may in effect prevent some projects proceeding and there will be no opportunity to address this.

The above said, Rio Tinto as an existing uncovered networks operator is not directly impacted by the proposal.

Rio Tinto supports the proposal in paragraph 2.1.3, item 1.5 that existing uncovered networks remain uncovered. This is particularly important for an integrated mining network which is designed to ensure the safe and efficient conduct of complex mining operations.

Rio Tinto notes that paragraph 2.1.3 does not address the approach to be taken to an augmentation or extension of an existing uncovered network. Rio Tinto submits that augmentations should remain uncovered as they are clearly part of the existing uncovered network and it would be complex and more expensive to have two parts of the same network subject to different regulation. For the same reason an extension (i.e. of the geographical scope of a network) should be treated in the same manner as the network being extended (again to avoid two inconsistent systems applying to the same network). The extended stretch of a network should not suddenly change the manner of regulation of what is fundamentally the same network. Rio Tinto is concerned that this may have an unintended effect of impeding developments in remote parts of the Pilbara.

Rio Tinto notes the *Pilbara electricity objective* as defined in the *Electricity Industry Act 2004* (WA).

3 Proposal 2 – Managing Vertical Integration (Paragraph 2.2.4 - Item 2.8)

Rio Tinto agrees with the proposal in paragraph 2.2.4 Item 8 which recognises that the PNAC does not impose ringfencing obligations on existing non-covered networks and that there are no plans to change this. Imposing ring-fencing on an integrated mining network is fundamentally inconsistent with the nature of an integrated operation. Such an operation needs to maintain control over its own systems. Ring-fencing would also impose a substantial cost burden on an integrated mining operation.

4 Proposal 3 – Managing multiplicity of contracts (Paragraph 3.2.4 - Item 3.3)

Rio Tinto agrees the issues noted in paragraph 3.2.4 item 3.3 are complex and acknowledges the proposal that these will be discussed individually with existing non-covered networks. Rio Tinto notes that it is appropriate for covered and non-covered networks to be treated differently.

5 Proposal 4 – Managing how interconnection agreements affect users’ access contracts (Paragraph 3.3.4 - Item 4.1)

Proposal 4.1 provides:

The PNAC or PNR will impose boundaries on matters which can be addressed by an interconnection agreement, and specifically will prohibit an interconnection agreement from seeking directly or indirectly to impose obligations or restrictions on other network users.

Although this proposal does not immediately impact Rio Tinto, we query whether the proposal may be too broad. Interconnected networks will have to make their own assessment as to the appropriate technical parameters to govern their interconnection as they have the responsibility to provide services to their customers and they have obligations to ensure interconnection arrangements comply with safety, environmental and related laws. These obligations have to be passed through to network users to some degree – i.e. a network user should not be permitted to act in a manner which renders a network unsafe including by reference to how that network impacts interconnected networks.

As another example, if an interconnection point has a constrained capacity then this must be passed through to network users in some way – i.e. network users’ import and export of electricity must inevitably be constrained by network capacity constraints.

(Paragraph 3.3.4 - Item 4.6)

Rio Tinto notes that the application of Proposal 4 to existing legacy interconnections is to be discussed with the interconnected parties. Rio Tinto agrees the application of any such proposal to a legacy network is most appropriately dealt with this way to minimise disruption to existing arrangements, especially when one of the networks is an uncovered integrated mining network.

[REDACTED]

22 April 2025