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Energy Policy WA
Locked Bag 100
EAST PERTH WA 2892
By email: pet.secretariat@demirs.wa.gov.au

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To Whom It May Concern

SUBMISSION – EVOLUTION OF THE PILBARA ACCESS REGIME CONSULTATION PAPER

1 Executive summary

Woodside appreciates the opportunity to provide feedback on the proposed regulatory changes to the Pilbara Networks Access Code (**PNAC**) to support the Pilbara Energy Transition (**PET**), as set out in Energy Policy WA's Evolution of the Pilbara Electricity Access Regime Consultation Paper dated 4 February 2025 (**Consultation Paper**).

Woodside provides in-principle support for the proposed regulatory changes to the PNAC set out in the Consultation Paper from a long-term reform and investment perspective. The proposals in the Consultation Paper for reform represent key changes to access conditions and rights which will ultimately provide a clear pathway for access seekers to be able to invest in facilities that they are seeking to connect to the North-West Interconnected System (**NWIS**) based on reasonable prices and terms. This will in turn assist in achieving the overarching goal of Pilbara decarbonisation under the PET Plan.

Woodside appreciates that regulatory changes are required to facilitate the changing capacity mix and technologies in the Pilbara and believes that the proposed changes are consistent with the State Electricity Objective.

The Consultation Paper identifies importantly that further consideration needs to be given as to how early projects (both transmission and user projects) will be managed. In this submission, Woodside provides commentary on how reforms to the PNAC need to carefully consider these early projects, so as to seek to avoid regulatory confusion and uncertainty which may delay investment decisions. Additionally, this submission recognises that the increased cost in developing and operating new transmission infrastructure to meet future potential capacity demand will need to be managed across networks. How the cost for transmission capacity that exceeds foundation user contracted customer demand will be allocated is a significant consideration for investment certainty.

Woodside submits that without additional detail and any legislated or contractual transitional support for early projects that are currently 'shovel ready', investors are unlikely to have the necessary investment certainty associated with a stable regulatory framework (across both contractual and financial terms that apply to access) to allow those projects which are aimed at reducing emissions to reach financial investment decision (**FID**), particularly in the next few years.

To address these concerns, Woodside proposes that the PNAC reforms provide for clear transitional arrangements to apply for a discrete period to early stage 'shovel ready' projects giving the certainty required; coupled with regulation of costs through a no disadvantage test to give these projects the necessary level of financial and regulatory certainty required to underpin FID.

Further detail regarding each of these aspects is set out in our detailed submissions below.

2 Background

The PNAC governs access to certain electricity networks in the Pilbara. The changes to the PNAC proposed by Energy Policy WA (**EPWA**) as set out in the Consultation Paper are likely to impact the

short and long-term investment plans of companies attempting to decarbonise their operations in accordance with internal and legislated targets (i.e. under the Safeguard Mechanism).

Woodside has mature plans to develop a solar farm at the Maitland Strategic Industrial Area to supply renewable energy initially to the Woodside-operated Pluto LNG Facility on the Burrup Peninsula and to potentially expand these facilities in the future to meet demand from other customers on the Burrup Peninsula (**Woodside Solar Project**). This requires connection to, and augmentation of, the NWIS. Infrastructure WA had provided its indicative support for Horizon Power's proposed Maitland and Burrup Transmission Infrastructure Project (required for the Woodside Solar Project) as set out in its Infrastructure Proposal Summary Assessment Report dated November 2023.

The Woodside Solar Project has also been at an advanced stage of development since Q4 2023, from both a procurement perspective (with some long lead items acquired which to date remain unused) as well as in terms of the access and connection process under the Pilbara Network Rules (**PNR**) and PNAC. Therefore Woodside has had directly relevant experience with the access procedures in the PNAC which are the subject of the reforms that underpin the Consultation Paper, and uses that experience to inform its submission.

The State Electricity Objective can be seen as encouraging timely and efficient investment in lower emission technologies. In order for investment decisions to be made, in both the long and short term, both private and public sector investors will require a reasonable level of certainty in terms of costs, reliability and regulatory arrangements. In particular, Woodside believes that the key enablers for proposed new transmission expansions in the Pilbara to proceed include securing the following (which all take time): (i) user commitments (in particular foundation users), (ii) finance, (iii) necessary commercial arrangements, and (iv) regulatory approvals.

The changes proposed to the PNAC affect many of the key principles of network access, including network tariffs, terms and conditions for access agreements, managing access across multiple networks and governance changes. Crucial from an investment perspective will be understanding:

- the specific details of the changes proposed (noting the Consultation Paper describes these initiatives at a high level, subject to industry feedback);
- the development timeframe and the commencement date for the proposed changes; and
- critically for access seekers like Woodside in respect to the Woodside Solar Project, how and when the transition will be implemented.

3 Treatment of shovel ready projects

3.1 Defining the issue and suggested approach

The Consultation Paper notes that EPWA intends to work with proponents of early projects on how reforms are implemented to achieve the dual objectives of enabling reform whilst not undermining the bankability of projects connecting to the NWIS. With this in mind, it suggests that transitional arrangements will apply to early projects, to ensure they can continue to be progressed under the current PNAC regime until such time as the proposed reforms have been implemented.

Woodside believes this is a positive acknowledgement, but makes the observation that in some (but not all) instances, the Consultation Paper refers to EPWA working closely with proponents of early projects (i.e. NSPs and users) to establish the best way to progress these projects under the existing regime. However, the Consultation Paper also contemplates these early projects will transition to the new regime once it is in effect, including in a yet to be determined manner which is intended to not hinder the reforms or disrupt commercial certainty for the parties involved.

Woodside notes that, on the whole, the Consultation Paper is more focused on the potential impacts of the proposed reforms on NSPs in the context of early projects for the development of transmission infrastructure than how the proposed reforms will impact an access seeker or network customer and how these impacts can be addressed. This needs to be understood in the context that the spend for a user (who will potentially have generation, network and connection costs) can be many multiples more than the spend on a transmission line by an NSP.

For example, some aspects of the proposed changes to the PNAC create uncertainty from both a regulatory and cost perspective for projects, like the Woodside Solar Project, which are 'shovel ready'.

This uncertainty increases investment and bankability risk and is likely to result in transmission and user projects (generation and storage) being delayed or not proceeding. The proposed changes contemplated by the Consultation Paper will not only have consequences for the NSPs to these early projects, but also to users who will undoubtedly bear some or all of any additional risk that the

relevant NSP is willing to take on in respect of the new investment required and the proposed reforms on a back-to-back basis.

Accordingly, Woodside requests that projects that are already shovel ready be given an 'early investor' status when it comes to implementation of the proposed reforms to the PNAC to ensure these projects can be progressed in an efficient and timely manner and in line with the decarbonisation aspirations of the Pilbara electricity market.

These shovel ready projects are likely to become the foundation users of the system, who, as the Consultation Paper recognises, effectively underwrite the greenfield development risk on new transmission lines, and therefore are a critical aspect of any reform agenda. Once the new transmission lines are developed, this will enable other users to more readily access capacity in any new transmission infrastructure that is built. This will in turn unlock economic development in the Pilbara, including Strategic Industrial Areas, with consequential stakeholder benefits.

Given this, it will be important to define what is meant by a shovel ready project. Woodside proposes that these should be projects that are specifically named or identified for the purposes of the PNAC (similar to the way in which four priority transmission corridors were identified under the PET plan). In identifying those projects, or in developing a category of projects to be identified as shovel ready, it is submitted the projects would have all or most of the following features:

- be ready to proceed in the near future;
- involve the connection of renewable generation or storage facilities to the NWIS;
- have secured key environmental approvals;
- have secured land for the project; and
- have submitted an access application under the existing PNAC regime, or will submit one in the near term.

It may be that the arrangements for shovel ready projects are recognized in the Corridor Development Agreement (**CDA**). This could subsequently inform the terms of the Corridor Tenure Agreement (**CTA**).

3.2 Implementation of grandfathering arrangements for shovel ready projects

Woodside submits that a priority of the PNAC reforms should be to ensure that shovel ready projects can proceed as soon as possible with minimal impact to not only NSPs, but also to access seekers and network users, despite the ongoing development and implementation of the proposed changes to the PNAC.

The most effective way to facilitate this would be to apply grandfathering arrangements from a contractual and revenue control perspective. This approach would provide the necessary regulatory certainty and remove significant sovereign risk (noting that change in law risk usually sits with the access seekers) and in turn accelerated development of both shovel ready projects and transmission lines. This is explained further below in the context of the Proposed Early Project Transitional Arrangements in connection with our comments on Proposal 3. This is consistent with the approach in Proposal 6, which proposes expanded powers to seek pre-approval of tariff and non-tariff elements, whereby a NSP will be able to seek pre-approval of certain elements either from the Economic Regulation Authority (**ERA**) or the State. Foundation users are more likely to invest where grandfathering and pre-approval based on the existing PNAC are obtained.

Any grandfathering arrangements would preferably be for the term of an Access Contract, or for a specified period of time (i.e. from the date of commercial operation). If the latter, Woodside submits that this would need to be an appropriate length of time to provide financing certainty, afford proponents time to assess the impact of the proposed PNAC changes, and put in place effective measures to minimise and mitigate the impact of such reforms.

Woodside acknowledges that, even if grandfathering provisions are applied to shovel ready projects, consideration may still be required as to whether certain additional transitional arrangements are needed to address specific issues in the application of the current access regime and the PNAC regulatory regime (given we expect that the grandfathering arrangement and the new regime would work together such that the shovel ready project is regulated by the revised regulatory regime going forward). As per the Consultation Paper, it might be appropriate for such issues to be mandated and addressed in any development agreement between the transmission entity and the State.

3.3 Regulation of costs for efficient investment – no disadvantage test

A key concern is how the proposed reforms to the PNAC may impact 'access charges' (i.e. tariffs) and possibly 'contribution charges' (i.e. charges attributable to connection works) for access seekers across the NWIS. This issue is one that has been prevalent in the South-West Interconnected System (**SWIS**), where Transmission and Distribution costs have increased 45% in the 3 years to 2025. More broadly, this issue has been raised by The Chamber of Minerals and Energy of Western Australia on behalf of industry in its 'Energy costs in transition: Decarbonising Western Australia's South West Interconnected System (SWIS)' Report as part of the broader reforms being proposed in the SWIS.¹

To address this issue, a 'no disadvantage' test from a costs perspective could be applied to shovel ready projects. A no disadvantage test would permit an assessment of whether the proposed changes to the PNAC results in an access seeker being financially disadvantaged, as compared to the financial position the access seeker would have been in but for those PNAC changes. This should also ensure that shovel ready projects (who may also be foundation users) only pay for their proportionate costs of any new or upgraded transmission lines – particularly where these are being sized to attract future investment. Woodside believes this position is consistent with the September 2024 Pilbara Energy Transition Request for Expressions of Interest for Priority Projects (**EOI**), namely that foundation users only pay for the "final indicative design and costing for the notional infrastructure which would have been built to service only that foundation customer's load i.e. the foundation base case with no additional capacity" (see EOI, Appendix A, section A.2.6 Corridor Tenure Agreement, item 12).

In some ways, this is not so different to the revenue cap proposal put forward in the Consultation Paper and, in spite of the other changes to the PNAC, would ensure cost certainty from an access seeker perspective, which is critical for the purposes of making a FID.

4 Detailed submissions on proposed PNAC reforms

To assist with its further development of the PNAC reforms, **Annexure A** sets out Woodside's specific comments on some of the key proposals raised in the Consultation Paper. Given much of the material in the Consultation Paper is high level, Woodside looks forward to the opportunity to consider the detailed reforms once available.

5 Conclusion

Woodside reiterates its support for the overarching goals of the proposed PNAC reforms, however notes there are critical issues which need to be addressed to ensure a reasonable level of regulatory certainty is available for investment decisions, particularly for early transmission, generation and storage projects wishing to progress to FID as expeditiously as possible.

Woodside believes that its suggested approach to shovel ready projects is entirely consistent with the first pillar of the State's Pilbara Objectives for Pilbara decarbonisation i.e. 'Coordinate a responsible and timely approach to decarbonisation of the Pilbara that supports industry achieving emissions reduction targets'. Woodside submits that, absent a hybrid approach to these projects, the regulatory reform agenda may delay or limit the extent to which this objective can be achieved, and potentially instead encourage proponents to invest in further standalone projects or defer projects until sufficient certainty exists.

Woodside thanks Energy Policy WA for its ongoing engagement with industry stakeholders and appreciates this opportunity to provide feedback through this submission.

Yours sincerely



Menno Weustink

Vice President Business Development and Origination New Energy
APAC

¹ <https://www.cmewa.com.au/wp-content/uploads/2024/09/CME-SWIS-Energy-Report.pdf>.

Annexure A – Woodside's detailed submissions in response to each of the proposals tabled in the Executive Summary - Summary of Design Proposals and Rationale of the Consultation Paper

For the purposes of the following detailed submissions, the term **Proposed Early Project Transitional Arrangements**, is used to describe the following principles:

- transitional arrangements to be developed for shovel ready projects who are also foundation customers and who will be a new user;
- grandfathering/preapproval be based on the existing PNAC for shovel ready projects;
- a contractual grandfathering approach including where access contracts negotiated under the existing PNAC apply ideally for the term of the agreements, rather than being required to build in provisions which contemplate transitioning to a new access contract and TUOS (as that may exist or evolve), which is likely to be an uncertain and incomplete contractual and regulatory regime;
- a no disadvantage test in which new users for a shovel ready project have their network tariffs protected from the introduction of a new regulatory regime;
- foundation users should only pay for the "final indicative design and costing for the notional infrastructure which would have been built to service only foundation customers load, i.e. the foundation base case with no additional capacity" (see EOI, Appendix A, section A.2.6 Corridor Tenure Agreement, item 12);
- if in subsequent years, transmission access requirements necessitate subsequent upgrades to transmission lines, these costs should be apportioned on the basis of 'who benefits';
- foundation users should not be disadvantaged by early commitment to a transmission line. Where new users are introduced onto a component of transmission infrastructure, in recognition of the risks taken by any foundation user of that infrastructure, any rateable tariff reductions to reflect the broader user base should apply to the foundation user.

Proposal	Summary submission	Woodside detailed comments and/or suggested clarifications for consideration
Creating the new common-use Pilbara grid		
Proposal 1 (Section 2.1.3): Coverage	Woodside submits that automatic coverage of transmission assets should not apply to the Pluto LNG Facility, but supports automatic coverage of new transmission assets.	<p>Woodside supports all new transmission assets being automatically covered except connection assets and the legacy arrangements for existing networks for the reasons articulated in the Consultation Paper. The inclusion of no ability to revoke coverage increases regulatory confidence for proposed investors within the network.</p> <p>In response to Consultation Question (1)(a) of Section 2.1.3, Woodside notes that connection assets is not a defined concept in the PNAC, the PNR, or the <i>Electricity Industry Act 2004</i> (WA). Woodside submits that, a single user connection asset (not just certain small single user connection assets) <u>should</u> be automatically exempted from coverage, at the least for the initial term of the connection arrangements. Coverage could then be reviewed as and when there are other users seeking access to that connection asset (but with any updated coverage criteria prescribed for new PET Networks to apply).</p> <p>Consistently with item 1.3 of Proposal 1, this would:</p> <ul style="list-style-type: none"> • minimise barriers to initial investment that rely on the connection asset; and • provide an appropriate trigger to indicate when it could be considered that 'circumstances have changed' (on the basis that transitioning to coverage automatically after the initial contractual

Proposal	Summary submission	Woodside detailed comments and/or suggested clarifications for consideration
		arrangements does not seem compelling if at that time there are no potential access seekers).
Proposal 2 (Section 2.2.4): Managing Vertical Integration	Woodside broadly supports the preferred Option B as a short term (and possibly staged) solution, subject to additional comments on how this will be implemented.	<p>Woodside is supportive of the proposed 'Option B', to reallocate sensitive functions to an independent ISO (or impose ISO oversight). This is subject to satisfactory resolution of the three key drivers for ISO governance reform, as described in Section 5 of the Evolution of the Pilbara Networks Rules Consultation Paper dated 4 February 2025 (<i>PNR Consultation Paper</i>). This includes the goal to "address competition law concerns raised during the assessment of the Pilbara ISOCO's authorisation application by the Australian Competition and Consumer Commission (<i>ACCC</i>)".</p> <p>In response to Consultation Question (2)(d) of Section 2.2.4, Woodside supports the concept of assessing outcomes in the management of vertical integration. The potential dimensions and benchmarks proposed in Box 5 that could be used to measure the extent to which vertical integration is being successfully managed are understandable, however Woodside would like to see specific proposals in this area before commenting further.</p> <p>Consistent with Woodside's submissions of 7 May 2024 to ACCC on ISOCO's authorisation application,² Woodside has previously provided proposals in relation to the management of vertical integration with the ISO and the importance of transparency in decision-making in particular.</p> <p>In response to item 2.6 of Proposal 2, Woodside supports the State Electricity Objective and, in particular, the need for efficient investment for the long term benefits of customers. Woodside appreciates that to meet system strength and security and reliability services, new investment may be required from time to time. This could be achieved by the installation and operation of energy storage or energy producing equipment. Woodside would support that, where this investment is required, ideally transmission operators would not be the first preference choice given the potential conflicts of interest. However, there may be circumstances where this is the only option and therefore exemptions should be provided.</p> <p>However, if existing vertically integrated participants (including transmission operators) continue to invest in energy storage or energy producing assets, the question will arise whether Option A or B is the best solution. In this context and in terms of Box 5 of Section 2.2.2, the amount of System Strength augmentation associated cost that is awarded to NSPs should be included as an additional dimension for assessing how vertical integration is being successfully managed.</p> <p>In the long-term, continuing concentration of the market in this way may threaten achievement of the State Electricity Objective.</p>

² https://www.accc.gov.au/system/files/public-registers/documents/Submission%20by%20Woodside%20Energy%20Limited%20-%2007.05.24%20_%20PR%20%20AA1000666%20%20Pilbara%20ISOCO%20Ltd.pdf?ref=0&download=y

Proposal	Summary submission	Woodside detailed comments and/or suggested clarifications for consideration
Managing access across multiple networks		
Proposal 3 (Section 3.2.4): Managing multiplicity of contracts – splitting access in two	Woodside submits additional information is required to make an informed assessment of the proposed transitional arrangements and how Transmission Use of System (TUOS) is to be managed by the PNR, particularly for foundation users.	<p>In response to Section 3.2.3 (Transition for early projects), under the proposed approach, any new user with an early project (accessing multiple networks) could credibly be expected to enter into multiple access contracts under the existing PNAC regime. However, the terms of those arrangements would be required to anticipate the proposed reforms and accommodate regulated TUOS rights under a future PNR revision displacing the earlier contractually negotiated outcome.</p> <p>The Consultation Paper is silent on the tariff implications associated with this proposal, and for new users seeking NWIS access, the change in law risk is difficult to evaluate. This may affect the bankability of these projects leading to delays in FID decisions or projects not proceeding. It may also encourage early projects to favour investment in off-grid decarbonisation options which offer the requisite certainty for them to proceed, which would not assist in promoting the development of new common user infrastructure to support decarbonisation in the Pilbara.</p> <p>To support grid-connected investment decisions for early projects, Woodside suggests that in developing the reforms, Energy Policy WA should consider implementing the Proposed Early Project Transitional Arrangements.</p> <p>Implementation of such arrangements recognises the risk that foundation users and network users take on when they help to underpin the financial basis for a third party developing new transmission infrastructure in the NWIS.</p> <p>Woodside does appreciate the expressed need to ensure that any contractual arrangements do not hinder the new regulatory regime and would welcome some additional information on how Energy Policy WA would propose to implement this objective.</p> <p>Woodside makes the same comment in terms of certainty in the context of Section 3.2.3 (Transition - Legacy arrangements for existing networks). Shovel ready projects may require access to existing networks for extended durations (up to 25 years). The pricing risk associated with TUOS payments is difficult to calculate, and in this context the Proposed Early Project Transitional Arrangements should be considered as possibly more appropriate for investment by parties.</p>
Proposal 4 (Section 3.3.4): Managing how interconnection agreements affect users' access contracts	Woodside submits sufficient detail is required as to how Proposal 4 is to be implemented long-term, and how this will impact user's financial models. Other aspects of Proposal 4 are more relevant to the NSPs.	<p>New users may require NSPs to enter into one or multiple interconnection agreements under the existing PNAC in order for the necessary NWIS access to be achieved ahead of FID, which gives rise to many of the complexities identified in the Consultation Paper, particularly in circumstances where new NSPs are yet to finalise the rules for interconnection with existing NSPs.</p> <p>The complexity and the time associated with such negotiations is likely to both delay investment decisions and create a barrier to entry for new users due to this commercial uncertainty and the change in law risk. New users will be</p>

Proposal	Summary submission	Woodside detailed comments and/or suggested clarifications for consideration
		<p>unable to price this risk which may discourage grid connection decarbonisation investment. Woodside again requests Energy Policy WA to consider the Proposed Early Project Transitional Arrangements. Consideration also needs to be given on the impact on shovel ready projects where a transmission line is upgraded at a later time. The foundation users should not be charged for upgrades (i.e. there should be no impact on the tariffs payable by that foundation users), nor should the underlying operations be unduly disrupted.</p> <p>We note that under Proposal 4 there is a suggestion that the rules will change and evolve to address restrictions or obligations on network users and to ensure there are no restrictions in the interconnection agreements. Woodside is concerned that this suggestion flags the concept of rolling regulatory reforms which adds to the inherent uncertainty in the regulatory system applicable to the NWIS, and would encourage the current reforms to set a longer term base line for these issues.</p>
Proposal 5 (Section 3.5.4): Managing tariffs across multiple networks	<p>Woodside submits that Proposal 5 does not consider who will pay for the excess costs associated with the development of new infrastructure in increments which exceed contracted customer demand.</p>	<p>The management of tariffs, and related tariff levels over the life (for example, 25 years) of an access contract represent one of the key inputs to the business case ahead of any potential FID. New users will need certainty in tariff levels in order to take investment decisions. For this reason, Woodside has suggested the no disadvantage test as part of its Proposed Early Project Transitional Arrangements. Within the question of tariffs payable across different networks, the following matters should also be considered:</p> <ul style="list-style-type: none"> • environmental offsets; • benefit payments made to Traditional Owners; • forecast infrastructure construction costs; • change in law requirements; • impact of new user connections at a later date; and • regulatory tariff setting. <p>As transmission infrastructure in the NWIS starts to expand, how the costs of demand are allocated fairly between users (including any foundation customers) will be crucial for all users in order to facilitate, and make informed investment decisions.</p>
Better regulation for network tariffs		
Proposal 6 (Section 4.1.4): Expanded powers to seek pre-approval of tariff and non- tariff elements	<p>Woodside broadly supports Proposal 6, subject to sufficient detail being included to ensure efficient investment outcomes.</p>	<p>Woodside supports the proposed approach to allow an NSP to seek pre-approval from the ERA of more elements than just new facilities investment. However, Woodside suggests it is important to ensure that before ERA approval is sought, certain measures are put in place to ensure these new facilities investment has not only been designed with the most efficient design and costs, but that the most efficient option has been chosen against all others. Ultimately, this means that the investment is necessary to maintain safety and reliability, the investment generates enough revenue to cover the total costs of the investment or the investment provides some benefit to justify higher tariffs.</p> <p>Woodside submits that the list of pre-approval topics set out in item 6.2 of Proposal 6 needs to be augmented, and consider additional questions such as:</p>

Proposal	Summary submission	Woodside detailed comments and/or suggested clarifications for consideration
		<ul style="list-style-type: none"> • how will the benefits of concessional finance be considered in the rate of return calculation, if received? • how will such benefits be passed on to foundation users such that a share is also passed on to later users? <p>Users will also require clarity on how the Regulated Asset Base (RAB) will be assessed where the existing asset of one NSP (for example, a substation) is upgraded by another NSP who is responsible for delivery of a project. Further clarity will also be required on other matters such as:</p> <ul style="list-style-type: none"> • how often will tariffs be reviewed; • what is the basis for such reviews (changes in rate of return, change in operating costs, etc); • who will undertake the review; and • what will this process look like. <p>In response to Consultation Question (6)(d) of Section 4.1.4, Woodside submits that additional forms of prior accountability will be necessary for new users. For example, new users will be expected to commit to long term (usually operating over multiple decades) access contracts with NSPs. Prior approval of these agreements for these projects will be required by NSPs far ahead of financing approval and FID.</p> <p>The Consultation Paper does not explicitly address how concessional finance benefits will be shared with consumers. In order to be consistent with the State Electricity Objective, the revenue-setting framework must facilitate efficient sharing of concessional finance benefits with access seekers, as has been done in other jurisdictions.³ This is particularly important where access seekers are driving network augmentation.</p> <p>For example, in the scenario where a load may trigger network investment (e.g. a new end use customer wants to connect to a network), in order to encourage efficient decision-making, one limb of the NFIT calculates the contribution to an augmentation that is “covered” by the standard tariff (and so able to be included in the RAB) with the remainder to be recovered as a capital contribution.</p> <p>As for the remaining capital contribution, one way this could be achieved is to allow the NSP and Clean Energy Financial Corporation (CEFC) to agree to pass through an agreed amount to transmission or distribution network users over an agreed period. The NSP would then be required to provide the ERA with an agreement duly executed by the CEFC setting out these agreed tariff reductions and the timing of the reductions. The ERA would have oversight of Access Contracts agreed with contribution charges to ensure that the agreed benefits had been passed on to new users.</p>

³ The [AEMC Final Determination dated 21 March 2024](#), where the Commission made a more preferable final rule to enable the benefits of concessional finance to be shared with consumers in the form of lower networks tariffs.

Proposal	Summary submission	Woodside detailed comments and/or suggested clarifications for consideration
		<p>Where new users are accessing a combination of early projects and existing NWIS infrastructure, the existing PNAC regime should be retained for existing infrastructure.</p>
Proposal 7 (Section 4.2.4): Tariffs – Making provision for possible revenue control	Woodside broadly supports the concept of transparency across access disputes, but submits that revenue control should not apply.	<p>In accordance with item 3.2(a) of Proposal 3, NSPs and their users will negotiate access contracts as usual under the current PNAC and PNR. For existing network users of the NWIS, the arbitration regime applies to access disputes only. Whereas where a contractual dispute arises, the parties will be required to comply with the dispute resolution mechanism that has been agreed to under that contract.</p> <p>Contractual disputes are likely to be in relation to:</p> <ul style="list-style-type: none"> • pricing; • non price terms of the access contract, including for example relating to risk allocation (indemnities, limitations of liability, etc.), default and termination, change in law, curtailment/interruption and other matters; and • technical matters, including the nature and extent of any network constraints, the need for any reinforcement to achieve the users desired level of dispatch, or the way modelling is conducted or interpreted. <p>Given the magnitude of development forecast to take place in the NWIS (including around AUD\$10-12B of capital expenditure), the basis for enforcement of revenue control is likely to be cumbersome and time consuming.</p> <p>As an alternative approach, Woodside proposes that an ERA arbitration regime be expanded to include contractual arbitration inclusive of an escalation mechanism to each of the parties' chief executive officers or other nominated senior executives, for unresolved contractual disputes.</p> <p>We think this is important to protect users where there is, in some (but by no means all) cases there a disconnect between the NSP's knowledge and the user's knowledge. This may include in relation to TUOS payments and/or trigger events (as explained in section 7.6 of the Consultation Paper). Reference to the ERA in these circumstances would seek to mitigate this disconnect.</p> <p>It would also be relevant to address the change in law risk where users with existing access contracts, are not privy to certain changes. If they have no arbitration rights, this could act as a significant barrier to early projects.</p>
Proposal 8 (Section 4.3.4): Managing tariffs for future-ready capacity	Woodside broadly supports Proposal 8, subject to its comments on managing risk associated with pricing future-ready capacity.	<p>Future ready capacity will either satisfy the NFIT and be added to the RAB or alternatively need revenue as a result of access contracts linked to the new transmission infrastructure.</p> <p>In order to be future ready, larger capacity transmission infrastructure will be required. The Pilbara Energy Transition Request for Expressions of Interest for Priority Projects, published by DEMIRS (<i>EOI</i>) is quite clear in its expectations that:</p> <p><i>“The WA Government expects proponents to take on the volume risk associated with additional capacity in</i></p>

Proposal	Summary submission	Woodside detailed comments and/or suggested clarifications for consideration
		<p><i>excess of foundation demand. Proponents will need to describe how their revenue model may manage this risk and to what extent they are seeking consideration of support from RTN.”⁴</i></p> <p>Section 4.2.3 of the Consultation Paper reinforces this by stating 'The model [revenue cap model] should accommodate the proponent's commitment to building future-ready uncontracted capacity.'</p> <p>Volume risk may take on two forms. In the initial stages, it is known that selected Priority Transmission proponents have been prepared to take on this risk. They may seek to pass on associated costs to users either through high tariffs initially or via tariff re-openers through the course of the access contract.</p> <p>The Consultation Paper proposes that, before the State enters into a development agreement with a Priority Transmission proponent, it will need to be satisfied with the proponent's intended current and future pricing model. It is unclear who within the State will make this determination. Woodside proposes that the ERA would be best placed to represent the State in making a determination on pricing model.</p> <p>In the case of Access Seeker driven network augmentation for Priority Transmission projects, it is recommended that the “Network Development Policy” for the relevant project which contains the proponent's connections and capital contributions policy, is published as part of the announcement of the execution of the CDA.</p>
Better regulation for terms and conditions		
Proposal 9 (Section 5.1.4): Model access terms and conditions	Woodside supports the proposal to implement 'model terms and conditions' for access contracts and would like to see this extended to users.	<p>Item 9.4 of Proposal 9 (Transition for early projects), proposes that the CDA between the Priority Transmission Proponent and the State may include a set of model terms, pending the PNAC being amended to set out model terms and conditions for access contracts.</p> <p>This transitional proposal also notes that the agreement will specify what happens to any such appended model terms once the PNAC is amended to prescribe a set of model terms. This approach may serve to benefit the NSP over any potential new user and lead to either delayed access arrangements, arbitration or ultimately a lack of users willing to underwrite NWIS expansion.</p> <p>Without impacting on our submissions relating to shovel ready projects, Woodside supports the development of model terms for use across the whole NWIS (including one set of technical standards).</p>
Proposal 10 (section 5.2.4): Dealing with foundation user requirements	Woodside supports Proposal 10 in principle.	Foundation users are being asked to enter into Access Contracts, that effectively underwrite the greenfields development risk on new transmission lines. It is not only the infrastructure provider that needs to attract finance, but also the foundation user. Accordingly, any controls on foundation user rights need to carefully balance the objectives noted in

⁴ EOI, Application Guidelines Appendix A, 1,5(h).

Proposal	Summary submission	Woodside detailed comments and/or suggested clarifications for consideration
		<p>Section 5.2.4 of the Consultation Paper with the ability to deliver the relevant projects.</p> <p>The change in law risk associated with the PNR and PNAC reforms must be carefully managed, potentially through the CDA, as this will ultimately have a flow on effect to the CTA.</p> <p>One risk area includes the concept of TUOS payments, which are yet to be determined. Presumably these will be informed in part by how each party prices the interruption and curtailment risk within its own section of the network.</p> <p>Woodside supports the principle of common user infrastructure and the proposed purpose test, as all parties will benefit where the initial user base can be maximised. The CDA may consider two distinct circumstances of foundation rights in two separate circumstances:</p> <ul style="list-style-type: none"> • where two or more connection applicants consent to disclosing limited information regarding the intended size, location, scope and timing of its proposed new connection to other connection applicants; and • where connection results in HV Transmission availability at a Strategic Industrial Area (SIA), effectively “activating” an SIA. <p>In this scenario, foundation user rights may extend to</p> <ul style="list-style-type: none"> • management of the transition risk vis-à-vis a “no disadvantage test” for users as a result of change in law reforms; • Most favoured nation status for all Foundation users, in accordance with Option A to ensure contract conditions which prevent or substantially inhibit third party access are prohibited; and • protection from capital cost overrun. <p>It is noted that by mutual agreement, an access seeker and the relevant NSP may agree on a 'non-Ref Tariff'. This would arise when an access seeker desires something other than what is available from the standard service and the standard terms and conditions of supply. If a user requests a non-standard service and/or non-standard terms and conditions, such as the physical nature of the service (i.e. a different level of reliability), which imposes different costs, then the access price should be reflected. Foundation users should not be compelled to pay for additional network reliability as additional users join the NWIS.</p>
Proposal 11 (section 6.1.4): Improved accountability	Woodside supports Proposal 11.	N/A
Proposal 12 (section 6.2.4): A transitional "fixed principles" mechanism	Woodside supports Proposal 12.	N/A