

**8 May 2025**

**Dear Sir / Madam,**

*RE: Feedback for Exposure Draft of Electricity System and Market Amending Rules (Tranche 8)*

South Energy would like to provide the following feedback on the Tranche 8 Exposure Draft:

Schedule 1 ADG – protection for ESR against an increase in the ESRDR.

- a. We support the proposed increase in the protection for ESR against an increase in the ESRDR. We would like to propose that the protection is increased to 15 years to be aligned with the following reasons:
  - i. The typical debt payment term for BESS project is longer than 10 years. To provide investment certainty and improve access to finance for projects, we recommend increasing the protection period to 15 years.
  - ii. The BRCP capital cost is annualised over a 15 year period. The protection should be aligned with BRCP calculation.
- b. In addition to protection for certified projects, we would also recommend extending the protection to projects under advanced development that are yet to receive certifications. The reasons are:
  - i. Developing new projects takes significant time and resources in securing the relevant development approvals and access offer from Western Power. As projects are designed with the current ESRDR in mind, any increase in the ESRDR will require the projects to be re-designed and will cause set back to the timeline and may even cause the projects to be abandoned with the developers suffering loss.

- ii. We recommend that protection to be extended to projects in advanced stage such as those having secured development approvals, and/or achieving connection ready status with Western Power.
- iii. Alternatively, the implementation for any increase in ESRDR could be set in a future date, say 2 years from the decision time, to allow sufficient time for current projects development to achieve certification and thus the protection. Whereas new projects or early development projects would have ample time to gear up to the new requirement.

Yours Sincerely,

**Johan Laban**

Development Director