Department of Energy, Mines, Industry Regulation and Safety
Energy Policy WA
GOVERNMENT OF WESTERN AUSTRALIA

Meeting Agenda

Meeting Title:	Pilbara Advisory Committee (PAC)
Date:	Thursday 26 June 2025
Time:	1:00 PM – 3:00 PM
Location:	Online, via TEAMS

Item	Item	Responsibility	Type	Duration
1	Welcome and Agenda • Conflicts of interest • Competition law statement	Chair	Noting	2 min
2	Meeting Apologies/Attendance	Chair	Noting	1 min
3	Minutes			
	(a) Minutes of Meeting 2025_05_29 Published 17 June 2025	Chair	Noting	2 min
4	Action Items	Chair	Noting	3 min
5	EPNR Project: Discussion of select consultation outcomes	WG Chair	Discussion	105 min
6	Overview of Rule Change Proposals	Chair/Secretariat	Noting	2 min
7	General Business	Chair	Discussion	5 min
	Next meeting: 1:30 PM, 28 August 2025 at Level 1, 66 St Georges Tce and/or online			

Please note, this meeting will be recorded.

Competition and Consumer Law Obligations

Members of the PAC (**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.

(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; and
- a forum like the PAC is capable being a place where such cooperation could occur.

(c) **anti-competitive contracts, arrangements understandings**: any contract, arrangement or understanding which has the purpose, effect or likely effect of substantially lessening competition.

(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.

(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.

A contravention of the CCA could result in a significant fine (up to $500,000 for individuals and more than $10 million 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, 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.

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Agenda Item 4: PAC Action Items

Pilbara Advisory Committee (PAC) Meeting 2025_06_26

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.

Item	Action	Responsibility	Meeting Arising	Status
2/2025	Include a standing invitation, when circulating meeting materials, for members to email comments on agenda items to the Chair and all PAC members in advance of each meeting.	EPWA	2025_05_29	**Closed** EPWA has amended its internal process to include a reminder to members to provide early comments on PAC items via email.
3/2025	Host the PAC meeting on 28 August 2025 as an in-person meeting at its office, with optional online attendance.	EPWA	2025_05_29	**Closed** EPWA have booked a meeting room for in-person PAC attendance on 28 August 2025.

Note. Closed action items will be removed from this list once noted at a PAC meeting. Accordingly, the numbering of action items may not be sequential.

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Agenda Item 5: Evolution of the Pilbara Networks Rules (EPNR) Project: Discussion on select consultation outcomes

Pilbara Advisory Committee (PAC) Meeting 2025_06_26

1. Purpose

The purpose of this agenda item is to:

- update the PAC on select proposals of the EPNR Project Consultation Paper ("Consultation Paper"); and
- discuss these draft outcomes with PAC members.

2. Recommendation

That the PAC:

(1) notes the information provided in the PAC Presentation Slides (**Attachment 1**); and

(2) provide feedback on the draft outcomes.

3. Background

- EPWA is developing an Information Paper outlining final positions on proposal in the Consultation Paper, as well an Implementation Plan which will consider staging and timing.
- On 29 May 2025, EPWA presented the PAC with its initial response to select proposals from the Consultation Paper. Those proposals were:
    - Proposal 16 – ISO Board;
    - Proposal 18 – ISO fees;
    - Proposal 15 – ISO functions; and
    - Proposal 2 – Network reliability standard.
- EPWA have prepared amended versions of those proposals (with the exception of ISO functions), which address stakeholder feedback and outline a draft outcome to finalise the proposal.
- EPWA has identified four additional proposals for discussion, that were not discussed on 29 May 2025:
    - Proposal 3 – Capacity forecasting;
    - Proposal 6 – Capacity procurement;
    - Proposal 24 – Self-contained networks; and
    - Proposal 12 – Balancing mechanism.
- The purpose of the discussion is to receive feedback from the PAC on select proposals, to assist EPWA to finalise the development of those proposals into final positions for an Information Paper.

4. Next Steps

- The next EPNR Working Group (Workstream 2 – HTR) meeting is proposed for early July 2025.
    - This meeting will discuss the prioritisation of HTR-related initiatives.
- The next EPNR Working Group (Workstream 1 - PNR) meeting is proposed for mid-July 2025.
    - This meeting will discuss the staging of the implementation for the EPNR project initiatives.
- The next PAC meeting is scheduled for 28 August 2025. The meeting will discuss content for the draft Information Paper and Implementation Plan.

5. Attachments

(1) 26 June 2025 PAC Presentation Slides

Government of Western Australia
Energy Policy WA

Pilbara Advisory Committee

EPNR Project: Discussion of select consultation outcomes

26 June 2025

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

Context

The Pilbara electricity sector is changing.

Fossil fuelled generation is expected to be supplemented and eventually replaced by intermittent renewable generation. More diverse users will be connected to the NWIS, and the proportion of load served by vertically integrated entities will decrease.

System and market arrangements need to support these changes. This means evolution of governance, operational practice, and trading mechanisms over time.

EPWA has consulted on a set of policy proposals for the evolution of the Pilbara Networks Rules, and is now finalising outcomes for each proposal.

Purpose of this session

This presentation summarises submissions on, and sets out proposed outcomes for, some of the initiatives in the consultation paper.

It focuses on topics with conflicting submissions, or where the outcome is different than the original proposal. Some of these proposals were discussed at the previous PAC meeting.

Initiatives which were generally supported are not included, nor are those for which submissions related to the timing of the initiative rather than the substance.

Outcomes for all initiatives will be published in an information paper, alongside consultation on a proposed implementation plan. The implementation plan will consider and propose appropriate timing, dependencies and triggers for each initiative.

EPWA seeks PAC's view on whether the proposed outcomes balance the needs of all parties.

1. Discussion: draft outcomes for select proposals

16. ISO board (1)

Support	Qualified support	No position	Do not support
3	6	7	3

- Overview of critical feedback
  - Most submitters agreed that change is needed, but there were different views on the board's level of independence.
  - Board composition should include member-appointed directors (4). Participant board members bring irreplaceable knowledge and should be retained (1). Almost all people with required knowledge to maintain secure power supply in the Pilbara already work for participants (1). A board without industry representation may lack incentives to operate efficiently (1).
  - The ISO board should be expanded to include large customer representatives (2). The ISO board should be a mix of member-appointed and independent directors (1). At least one Ministerial appointment should be nominated by industry participants (2).
  - Timing of board changes should align with changes to the makeup of connected parties. (2)
  - Director appointment processes must ensure that independent directors have skills and expertise relevant to the Pilbara specifically. (3)

16. ISO board (2)

Proposed Outcome:

- An ISO majority independent board comprising:
  - three independent directors, including the Chair, appointed by the Minister; and
  - two directors nominated by industry and each appointed by the Minister for two-year terms.
- To facilitate this change:
  - one additional independent director will be appointed;
  - two of the existing NSP directors will be retained for a two- and a three-year term respectively; and
  - upon expiry of each NSP director's term, a new director will be nominated by members for a two-year term.
- A reformed PAC will have an additional role of providing advice to the ISO Board, creating a new avenue for industry input to the ISO Board.
- To be appointed, any new Director must meet selection criteria, including any requisite skill requirements.

Does the PAC have any comments on the proposed outcome?

18. ISO fees (1)

Support	Qualified support	No position	Do not support
2	3	10	4

- Overview of critical feedback
  - ISO functions benefit the Pilbara more broadly, so fees should not be restricted to NWIS connected parties (1). Fee structures should account for some participants not relying on system services during normal operations (1).
  - Fees should be allocated on a $/MW capacity basis, not $/MWh. (3)
  - Fees could be more equitably allocated using a more complex approach, with different cost components allocated based on different metrics (e.g. number of connection points, number of end consumers, connected capacity, energy throughput). (2)
  - Fee changes need not align with board composition changes (1), but should be made before any significant changes in the level of ISO fees (2).
  - Injection and withdrawal should be measured at the connection point to a covered network, not at connections within non-covered networks. (2)

18. ISO Fees (2)

All connected parties benefit from ISO activity, even if they operate largely independently during normal operations.

Some ISO activities are clearly attributable to an individual participant, such as processing connection and registration applications. These costs can be charged as processing fees. All other costs should be recovered by a single, simple, cost recovery method.

The main goal of changing the fee structure is to ensure that parties outside the three current payers contribute to ISO costs. This will become more important as more parties connect, as under current fee arrangements new connected parties would not contribute to ISO costs.

Capacity(MW)-based fees may penalise those who have provisioned more redundancy in their generation fleet, and may incentivise parties to reduce their reserve margins. Likewise, charging based only on transfers to and from covered networks could penalise sharing of energy among connected parties, and encourage new connections to inefficiently build additional assets to keep flow off the shared network.

With a gross injection/withdrawal model, some connected parties may decide that the cost of ISO fees is not worth the benefits of connecting to a shared network. EPWA considers that this can be mitigated by capping any individual participant fees at the level of the fees paid by the three current payers i.e.at 33.3%.

Proposed Outcome:

- Where an ISO cost is clearly attributable to an individual participant (initially connection activities and registration processing), costs will be recovered via processing fees.
- All other ISO costs will be recovered from participants based on gross injection and withdrawal figures into and from the NWIS.
- ISO fees for the three existing fee payers will be capped at 33.3% of total ISO fees.

Does the PAC have any comments on the proposed outcome?

10. Outage planning (1)

Support	Qualified support	No position	Do not support
5	5	7	2

- Overview of critical feedback
  - Changes to the outage process are not needed until the Pilbara power system becomes more complex. (1)
  - ISO should not have approval power for outages which do not affect PSSR for other participants (4). ISO powers should be limited to flows across connection points, and not to individual units behind the connection point (1).
  - ISO outage decisions (including equipment list inclusion) should be reviewable. (2)
  - As system complexity increases, identifying and consulting with affected parties prior to ISO review may be infeasible. Notification should be sufficient. (2)
  - Impacted parties should have opportunity to comment on outage management plans and have rights to refuse outage proposals. (1)
  - NSPs should not be required to buy energy or ESS as part of outage mitigation, as this impacts ring-fencing requirements. (1)
  - Impacted parties should be compensated for their participation in outage mitigation measures. (2)
  - Outage planning processes need to consider frequent rescheduling due to cyclone activity. (1)

10. Outage planning (2)

Independent outage coordination and approval of outage windows is critical for a shared network with multiple interdependent parties. Independent outage coordination creates a level playing field for investors and new connections.

Equipment behind a connection point that can affect the rest of the network needs to be included in the outage planning process.

Proposed Outcome:

- The ISO will manage a centralised outage scheduling process.
- The ISO cannot approve or reject outages of equipment, only the timing of the outage.
- All registered facilities on an outage planning list will be required to participate.
- The outage planning list will contain the facilities for which outages have the potential to materially impact PSSR.
- Outages of facilities not on the outage planning list may be required to be notified to the ISO for information purposes only.
- Outage requestors must consult with affected parties before submitting outage requests to the ISO.
- If a network outage would affect PSSR the network operator must include a plan to mitigate the PSSR impact.
- The ISO must assess outages according to an assessment framework developed with connected parties, and must approve an outage window unless doing so would have a material impact on PSSR.
- ISO decisions (including decisions to include equipment on the outage planning list) can be disputed.

Does the PAC have any comments on the proposed outcome?

24. Self-contained networks (1)

Support	Qualified support	No position	Do not support
4	5	10	0

- Overview of critical feedback
  - The PNR and HTR should only apply to isolated networks serving third parties if they also apply to networks operated by vertically integrated entities serving their own load and generation. (1)
  - An existing self-contained network may be required to provide access to a third party, and hence become no longer self-contained. Would such a network still be able to demonstrate compliance at the connection point? (1)
  - Will existing excluded networks remain so even if they have greater than 10MW injection or consumption? (1)
  - The definitions of “NSP” and “network user” need to be considered, as appropriate definitions will simplify implementation. (2)
  - Excluded network calculations should be based on net flows not gross flows. (1)
  - Self-contained networks should be able to provide ESS while demonstrating compliance at the connection point. (1)

24. Self-contained networks (2)

The Pilbara is made up of interconnected networks – some dedicated to the use of one party, and others serving third parties. Where possible, participants should be able to manage their own operations as long as they do not affect the operations of other NWIS users.

A network cannot be an Excluded Network if it has the potential to materially impact the NWIS. Networks with dedicated generation can be self-contained (and choose compliance at the connection point), but will need to provide more information than Excluded Networks.

Proposed Outcome:

- The PNR will distinguish between a network operator which provides services to third parties, and the operator of network infrastructure that is used only to serve load and generation of the same participant.
- Network operators who use their network equipment solely to service their own generation and load, can choose to be treated as a network user (demonstrating compliance at the interconnection point with the NWIS), or a network (compliance of all facilities within the network).
- A network owner which wants to be treated as a user, but is not an Excluded Network, will no longer be required to show non-compliance with the HTR in-order-to be able to opt for Connection Point Compliance.
- Currently an Excluded Network can have generation units with a maximum size of 10 MW. This definition will be maintained.
- Detailed design will consider appropriate definitions, including the definition of NSP.
- Proponents of new connections must provide the ISO with standing data and real-time data for individual pieces of equipment for equipment which could affect PSSR, even if their facilities are subject to connection point compliance.

Does the PAC have any comments on the proposed outcome?

3. Capacity forecasting (1)

Support	Qualified support	No position	Do not support
5	1	10	3

- Overview of critical feedback
  - Capacity forecasting is not required in the short or medium term. (1)
  - Focusing on the most extreme conditions would overstate capacity needs (2). The target should provide enough firm capacity to meet the system peak when renewable generation is low, not the absolute 1-in-10 year peak demand (1).
  - Future NWIS demand is very uncertain. Peak demand is not necessarily weather driven. Some unserved energy is reasonable. (1)
  - Self sufficient networks should not be included in the requirement, as they are responsible for meeting their own needs. (1)
  - The approach should be regularly reviewed to ensure it is cost-effective. (1)

6. Backup capacity procurement (1)

Support	Qualified support	No position	Do not support
4	4	8	3

- Overview of critical feedback
  - Backup capacity procurement is not required in the short or medium term, and should only be implemented when there is a clear need. (3)
  - Centralised capacity procurement should be a last resort only and short participants should be given maximum opportunity to address their shortfall before the ISO procures. (2)
  - A backup capacity procurement mechanism could be avoided if participants are required to demonstrate adequate capacity arrangements before connecting new load. (1)
  - Some shortfalls will be temporary (e.g. delay in capacity commissioning). Backup procurement should not commit to expensive long term solutions to solve a short term issue, as this is not commercially viable. (1)
  - Backup procurement should not discourage bilateral contracting, and backup procurement should not impose costs on parties who have secure adequate capacity. (1)

3 & 6. Capacity forecasting and backup procurement

Proposed Outcome:

- Capacity forecasting is not required yet, but needs to be in place ahead of a pre-defined percentage of variable renewables.
- The ISO will forecast capacity requirements for the NWIS, based on the capacity needed to avoid unserved energy:
  - in the worst case of coincidence of high demand and low renewable output expected to occur once in ten years (this may not be the same as peak demand); and
  - while maintaining a reserve margin equal to the expected generator forced outage rate.
- Backup capacity procurement is not required yet, but needs to be in place when there is a a pre-defined proportion of load served by non-vertically integrated parties.
- If there is a shortfall of capacity (i.e. participants do not present evidence of sufficient capacity to meet their individual requirements for a particular year, including a reserve margin), and do not identify their load as non-firm, the ISO will seek to procure additional capacity to meet the shortfall in that year.
- ISO procurement will be capped at a cost reflecting the expected value of customer reliability (VCR) from avoiding the shortfall, to be determined in consultation with stakeholders. This means backup capacity is likely to come from spare capacity from other connected parties or temporary demand response rather than new build.
- The costs of capacity procured by the ISO will be allocated to the participants with individual shortfalls. Self-sufficient participants will not bear any costs of backup capacity procurement.

Does the PAC have any comments on the proposed outcome?

2. Network reliability standard (1)

Support	Qualified support	No position	Do not support
2	5	6	6

- Overview of critical feedback
  - Some network users do not require n-1 reliability, and the standard should not force this level where it is not required (9).
  - Participants are best placed to choose the level of reliability they need, and how to achieve it (3). This is best facilitated by providing access to network constraint equation data for existing and planned network infrastructure (1).
  - Private use networks should not be required to meet the n-1 standard (2), even if they are required to provide access to third parties (1). The distribution network should have an n-0 standard (1).

2. Network reliability standard (2)

Most industrial and all domestic loads require continuity of supply. Once a transmission network is in place, if the network can't provide continuity of supply, this would present a barrier to entry of new connections.

Some existing Pilbara loads do not require continuity of supply, because they can manage it in other ways. Existing Pilbara networks have been built taking this into account, and were not planned to provide n-1 security in all cases.

Much of the future transmission investment in the Pilbara will be funded on the basis that it will be available for common use, but integrated into existing vertically integrated networks. New build cannot be divorced from the networks into which it connects, so rules for new investment must be applied to existing networks as much as practical.

However, requiring existing networks to upgrade to n-1 standard to accommodate potential future connections could result in inefficient spend if new connections are insufficient to offset the cost of the upgrade.

In jurisdictions where network investment for common use is regulated, there are mechanisms for exemption from planning standards for parts of the network where it would be uneconomic to meet the planning standard. Network investment is subject to a regulatory test before costs can be recovered from connected parties, and proponents can request exceptions from planning standards where meeting them would be economically unviable.

On such portions of the network, prospective connections can be offered a non-standard network service, with a lower reliability standard.

2. Network reliability standard (3)

The future success of the Pilbara would be impaired if a network operator is only required to take steps to provide reliable supply after a connecting party requests it. An n-1 reliability planning standard for all new network infrastructure is therefore necessary, but this can be achieved with physical equipment or non-network solutions, including agreements with loads or generators.

Some existing infrastructure was not designed and built to n-1 standard. This infrastructure will not be required to upgrade, either by new network build or new non-network solutions, but will be required to formalise its arrangements for the level of service with existing connected parties if this is not already the case.

Proposed Outcome:

- The default reliability planning standard for the NWIS transmission network will be n-1.
- This does not require redundant network equipment, but can be achieved by non-network solutions. For example, load runback schemes / non-firm agreements and generator redundancy/curtailment.

Does the PAC have any comments on the proposed outcome?

Proposal 12 – Balancing mechanism

Support	Qualified support	No position	Do not support
2	2	12	3

- Overview of critical feedback
  - A day-ahead trading mechanism and balancing market is not required at this time. (4)
  - Complex commercial arrangements could create a barrier to entry and drive away investment. (1)
  - More detail is needed to understand implications for each party. (6)
  - An interim approach could include central purchase of balancing energy from standing sell offers. (1)

12. Balancing mechanism (1)

Centrally coordinated trading and balancing arrangements provide tools for participants and the ISO to manage increasing generation volatility, reducing the need for each participant to build flexible capacity to smooth the volatility of its renewable generation portfolio. They will simplify complex multi-party nominations, and allow more responsive and cost-efficient market dispatch closer to real-time.

At present, system balance is achieved via ESS, and FCESS providers do not pay for energy consumed outside a tolerance.

Proposed Outcome:

- More sophisticated balancing arrangements are not required yet, but need to be in place ahead of a pre-defined percentage of variable renewables.
- A separate trading mechanism will only be needed if operational generation scheduling continues to need significant lead time for most participants.
- In the meantime, the ISO will continue to balance the system using ESS.
- Settlement arrangements for ESS will be reviewed to ensure that the full cost of ESS is reflected in ESS payments, rather than through exemption from energy payments.
- The implementation plan will consider the trigger for introduction of new trading and balancing arrangements, and include activity to finalise the detailed design in consultation with stakeholders.

2. Project timeline and next steps

Project timeline

- Early July: HTR working group – prioritise initiatives
- Mid-July: PNR working group – staging of initiatives, and triggers for introducing market features
- 28 August: PAC meeting – Draft Information Paper (positions) and Draft Implementation Plan
- Early September: Publish combined Information Paper (positions) and Consultation Paper on Implementation Plan
- 30 October: PAC meeting – Responses to submissions on Implementation Plan
- 4 December: PAC meeting – Draft Implementation Plan
- December: Publish Information Paper on Implementation Plan

We're working for Western Australia.

Department of Energy, Mines, Industry Regulation and Safety
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Agenda Item 6: Overview of Rule Change Proposals (as of 19 June 2025)

Pilbara Advisory Committee (**PAC**) Meeting 2025_06_26

- 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.

Rule Change Proposals Commenced since the last PAC Meeting

Reference	Submitted	Proponent	Title and description	Commencement Date
PRC_2025_01	1/2/2025	ISOCo	**Pilbara ISOCo Subchapter 10.1 Functions** Amendments to Rules 279 and 286	18/6/2025

Approved Rule Change Proposals Awaiting Commencement

None

Rule Change Proposals Rejected since the last PAC Meeting

None

Rule Change Proposals Commenced since the last PAC Meeting

None

Rule Change Proposals Awaiting Approval by the Minister

None

Formally Submitted Rule Change Proposals

None

Pre-Rule Change Proposals

None