



Our ref : A75073300  
Enquiries : Dora Guzeleva

Ms Naomi Menon  
Director, Competition Exemptions  
Australian Competition and Consumer Commission

via [exemptions@accc.gov.au](mailto:exemptions@accc.gov.au)

Dear Ms Menon

### **AA1000666 – PILBARA ENERGY NETWORKS – SUBMISSION**

Thank you for your letter dated 9 April 2024 inviting submissions from interested parties on the above application. Energy Policy WA notes the refined scope of Pilbara ISOCO's revised application, and is pleased to offer its support.

#### **Significant public benefits from the introduction of the Pilbara regime**

The Pilbara ISOCO's application provides an accurate and detailed outline of the Pilbara regime implemented by the Western Australian Government.

The appointment of Pilbara ISOCO Limited to the Independent System Operator (ISO) role and the design of the ISO functions were important decisions made by the Western Australia Government, in conjunction with stakeholders, in order to facilitate the introduction of third party access and competition in the Pilbara.

Energy Policy WA strongly agrees with the public benefits outlined in the application (refer to paragraphs 318-346). These benefits flow from the introduction of third party access, and improved security and reliability in the North West Interconnected System (NWIS). These benefits are particularly important in the context of the ongoing energy transition in the region.

The importance and national economic significance of facilitating efficient investment and enhancing the safety, security and reliability in the NWIS is helpfully illustrated by the quantitative example provided in paragraph 344 of the application.

#### **Competition safeguards in the Pilbara regime**

Energy Policy WA notes that the Pilbara regime includes a framework of controls to effectively mitigate the risk of anti-competitive behaviour. Within this framework, the Pilbara ISOCO's independence, integrity, and accountability is protected by multiple layers of accountability and controls created by, and ultimately within the control of, the Western Australian Government.

The application provides a helpful outline of these safeguards (refer paragraphs 297-317; especially paragraphs 311-312).

## **ACCC authorisation is integral for realisation of public benefits**

Energy Policy WA agrees with the counterfactuals outlined in the application (refer paragraphs 154-233). Despite the low outstanding risks of competition concerns, Energy Policy WA considers an ACCC authorisation is essential to alleviate risks of potential breaches by market participants.

Accordingly, Energy Policy WA agrees that a competition authorisation is integral to the full realisation of the public benefits outlined in the application. Given the region's economic significance and the potential for decarbonisation, the expected public benefits, both state and nation-wide, are significant.

## **Evolution of the regulatory regime**

The application provides valuable context for the ongoing reform process, highlighting the regime's goal of maintaining and enhancing the Pilbara electricity system's established culture of autonomy, informal collaboration and cooperation between market participants, where practicable (for example, in paragraphs 15-49 and 78-98).

A participant-led and administered ISO model was important for establishing support and securing the introduction of a foundational regulatory regime for the Pilbara. Further, this model substantially reduces the implementation and administration costs of the ISO, thereby promoting system efficiency, minimising costs incurred by industry and consumers, and lowering a potential barrier to entry for prospective connection applicants.

Energy Policy WA recognises that further work to efficiently and effectively elevate transparency and governance controls may be required to ensure and protect ISO's independence.

As part of the State Government's Pilbara Electricity Transition Plan, Energy Policy WA has commenced a review of the regulatory regime in the Pilbara through the [Evolution of the Pilbara Network Rules Project](#).

This project will include a detailed review of the Pilbara Networks Rules to ensure they remain fit-for-purpose into the future. This is expected to culminate in a public consultation process later this year and a reform implementation plan in February 2025. Examining and, where necessary, improving the transparency of the regime and ISO's governance is a priority for this project.

Energy Policy WA considers that an ACCC authorisation for a period of 5 years (sought by Pilbara ISOCO) is appropriate and complementary to the timeframes anticipated for the Evolution of the Pilbara Networks Rules Project.

## **Summary**

Appointing a participant-led company to the ISO role, with appropriate collaborative and information-sharing capabilities, was necessary and appropriate to facilitate the introduction of third-party access and enhance competition in this unique and economically significant region.

As the current active work programs progress, Energy Policy WA expects the foundational Pilbara regime, including the Pilbara ISO governance, to evolve.

Accordingly, Energy Policy WA provides its support for the Pilbara ISOCO's authorisation application to allow the current work programs to progress to evolve the transparency of the regime and the governance of the Pilbara ISO.

Thank you for the invitation to provide a submission. Should you have any further queries or require additional information, please contact Dora Guzeleva, Director Wholesale Markets, Energy Policy WA on 08 6551 4600.

Yours sincerely,

Jai Thomas  
COORDINATOR OF ENERGY

23 April 2024