

# Facilitating timely connection of critical projects

## Information paper

External

October 2023



# Table of Contents

<b>Facilitating timely connection of critical projects</b> .....	<b>i</b>
<b>Table of Contents</b> .....	<b>1</b>
<b>1. Introduction</b> .....	<b>2</b>
1.1 Purpose of this document.....	2
1.2 Background .....	2
1.3 Key terms used in this document .....	2
1.4 Making a submission.....	3
<b>2. Context: our transmission network is transforming</b> .....	<b>4</b>
2.1 The challenge .....	4
2.2 Relevant legislation and policy .....	4
2.3 Understanding insights from industry and our customers .....	5
<b>3. The way forward: ensuring critical projects can proceed without delay</b> .....	<b>6</b>
3.1 Principles.....	6
3.2 Overview of the approach to managing ‘critical projects’ .....	6
3.3 Understanding criticality to the State .....	7
3.4 Understanding the probability to proceed .....	7
3.5 Roles and requirements.....	8
3.6 Next steps .....	8

# 1. Introduction

Western Power is developing a framework for assessing and identifying a critical project based on a set of principles and criteria including a project’s criticality to the State and a customer’s readiness to connect. Projects identified as critical projects will then be fast-tracked for connection.

This framework will be outlined in a guideline that is published and available, for prospective customers to understand how a critical project is defined.

## 1.1 Purpose of this document

This document sets out Western Power’s proposed approach to ensuring that Western Australia’s critical projects can proceed, in line with the State’s commitment to achieve net zero and keeping pace with the unprecedented uplift in demand for major customer network connections.

We welcome your feedback on our approach, as we work together and all play our part in achieving Western Australia’s low carbon future.

## 1.2 Background

Western Australia’s pathway to achieving net zero emissions is well underway. Commitments from Government to close coal-fired power generation, industry rapidly pushing ahead with decarbonisation, and the renewable energy market responding – is driving uplift in demand for major customer connections alongside extensive planning to invest in and expand the South West Interconnected System’s (SWIS) transmission network. The State Government’s [SWIS Demand Assessment](#), forecasts that we may require almost ten times the current amount of generation and storage capacity and over 4,000 km of new transmission lines, by 2042.

Since 2020, Western Power has experienced a near three-fold uplift in the volume of enquiries for major customer connections – with now more than 228 active projects, and 110 of those being post-enquiry stage, currently in the pipeline. In FY23, Western Power received over 95 enquiries. This upward trend is forecast to continue over the coming years.

To accommodate this uplift in demand, and ensure that major customers can access the network in a timely and efficient manner, Western Power is improving its major customer connection process. One component, within the suite of improvements, is to ensure that projects which are both critical to the State achieving its net zero commitments and keeping the grid secure, as well as highly probable to proceed, can be fast-tracked through the major customer connection process.

This approach is in line with what other jurisdictions are doing globally to ensure that the pathway to net zero can be met.

## 1.3 Key terms used in this document

**Critical project** A customer project which meets the requirements of critical need for the State and highly probable to proceed

**Fast-track** The treatment that projects classified as ‘critical projects’ will receive through the major customer connections application process meaning that Western Power endeavours to shorten the timeframes to connection

**Framework** Refers to the overall approach to identifying and fast-tracking critical projects including the external guideline and internal work procedures

---

**Major customer** Generator projects which apply for connections in excess of 10 MVA; all transmission load connections; and any complex distribution projects with significant transmission overlap.

---

## 1.4 Making a submission

We welcome your comments and feedback on our proposed approach to fast-tracking of critical projects. Please provide your responses and or any queries through to [critical.projects@westernpower.com.au](mailto:critical.projects@westernpower.com.au).

The submission period for this document closes at **5pm on Wednesday 8 November, 2023.**

Please note, Western Power will summarise information in a response document, to be published with the final guideline. It will not make submissions publicly available, but respondents must note that any information provided may be subject to the provisions of the *Freedom of Information Act 1992* which imposes obligations on the release of information.

## 2. Context: our transmission network is transforming

### 2.1 The challenge

Any major customer seeking to connect to Western Power’s SWIS must follow a detailed five step process from enquiry through to construction.



**Figure 1. Western Power's major customer connection process**

Under our business-as-usual approach, major customer connection applications are progressed on a first-in-first served basis – meaning that a customer’s place in the queue to connect to the network is defined by the date of the complete application being submitted. The date of application then largely sets the priority order to progress through years of complex planning and engineering studies and design work to reach an access offer.

With the major uplift in connections arising from the State’s decarbonisation, there are two key challenges to overcome with the business-as-usual approach.

The first being the number of applications that are actively worked on, that are unlikely to reach operation (or access offer stage) meaning that they are not probable to proceed. Of the 131 enquiries that Western Power received between 2020 and 2022, less than 20 per cent made it through to application stage, and a very small 5 per cent of enquiries reached access offer. Many of those do not make it through to access offer due to attrition and project feasibility changes, during the multi-year process. Over time, this means that significant resources are dedicated to projects that do not proceed, over and above those that may.

The second challenge is that the criticality of a project is not considered in the queue. This results in projects of strategic and critical need to the State (such as necessary for State economic development or network stability, reliability and security, and viable projects able to reach energisation) sitting in the queue and not progressing because they are behind other less viable and less beneficial projects.

Together, these two challenges mean that a framework – to ensure that strategically important projects can be connected to the network in a timely manner – is required. This includes transparent criteria for customers to understand if their projects are likely to qualify.

### 2.2 Relevant legislation and policy

Western Power manages its connection application process in accordance with the relevant regulatory instruments and policy – including the [\*Electricity Network Access Code 2004\*](#) and the [\*Applications and Queuing Policy 2023\*](#).

The *Electricity Network Access Code 2004* (ENAC) has provisions requiring that Western Power applies queuing rules to determine the priority of an applicant’s application in the queue, noting that this is primarily determined by reference to the time at which the application is lodged.

The ENAC sets principles from which an *Applications and Queuing Policy* (AQP) is proposed by Western Power and approved by the Economic Regulatory Authority (ERA) as part of the access arrangement process. The AQP further defines how Western Power administers its applications process.

## 2.3 Understanding insights from industry and our customers

During the ERA's consultation on the Access Arrangement 5, it is noted that of the ten respondents that made submissions to the draft decision, four raised the challenges and concerns from the perspective of customers and industry regarding the connection of critical customers to the network.

Theme	Feedback
Connection process & timelines	<ul style="list-style-type: none"><li>• Process lacks clear and expedited connection timelines</li><li>• Lengthy and uncertain application process</li><li>• The AQP needs revision for the energy transition and high connection demands</li></ul>
Timeline amendments	<ul style="list-style-type: none"><li>• Further transparency on timelines is sought, including timelines on responses to enquiries and applications</li></ul>
Advancing whole-of-system plan process	<ul style="list-style-type: none"><li>• Proposed bringing forward the whole-of-system plan process and identification of critical projects</li></ul>

For further detail on the responses, see: <https://www.erawa.com.au/AA5>.

### 3. The way forward: ensuring critical projects can proceed without delay

Western Power is developing a framework for assessing and identifying a critical project based on principles and criteria. Projects identified as critical projects will then be fast-tracked for connection.

This framework will be outlined in a transparent process and be published as a guideline, for prospective customers to understand how a critical project is defined and how it will be progressed.

#### 3.1 Principles

The approach to defining critical projects will be guided by the following principles:

Principle	Definition
1. Equitable	Framework assesses each customer project on its merits – enabling clear outcomes and experiences, whilst achieving highest benefit to the State
2. Transparent	Framework, and its rationale and application, is transparent to customers, industry and regulators
3. Efficient	Framework must maximise customer, industry and Western Power efficiency – considering time and effort
4. Maximises benefit	Framework focuses on maximising benefit to the WA community, economy and grid
5. Simple as possible	Framework is straightforward and easily understandable with robust and complete considerations
6. Maximises objectivity	Framework maximises the number of objective criteria to achieve common understanding and ensure replicability and transparency
7. Framework flexibility over time	Framework able to accommodate changing requirements over time – for instance, it is noted that there are current requirements for generation projects, which will adjust over time

#### 3.2 Overview of the approach to managing ‘critical projects’

The proposed approach relates to the current major customer connection process and entails customer projects being nominated and assessed as ‘critical’ then ‘fast-tracked’ through the Western Power major customer connection process.

The same major customer connection process will apply – as in there will not be skipped steps or stages for fast-tracked projects. Fast-tracked means that the project will be actively worked on above other ‘non-fast tracked’ projects in the queue.

Western Power will assess a project for 'critical' status at the beginning of the connection process – 1. Enquiry and then through to 2. Initiation 3. Scoping and 4. Planning. Critical status will not apply for stages 5. Construction and commissioning, or 6. Operation.

With the customer providing key information to Western Power, the project will then be considered against its criticality to the State, such as requirement to meet power system security and its probability to proceed.

The criteria will vary according to the connection stage, for example at 4. Planning, just prior to an access offer being made, the project may need to demonstrate milestones such as land rights are secured, that a detailed construction program is developed, and/or that the final investment decision is made.

Western Power will publish a guideline that includes details on the criteria for proponents to consider, noting that Western Power will undertake the assessment and that both criticality and probability will need to be met.

Projects which fail to demonstrate continual and sufficient progress, will be subject to dormancy provisions available to be utilised by Western Power – which stops progress through the major customer connection process.

### **3.3 Understanding criticality to the State**

The primary focus of this element is to identify projects which are critical to the state. This is the main purpose of developing the framework for 'critical projects'. Criticality and strategic importance to the State will be considered against the following:

- (i) Impact on network stability, reliability and system security – such as in line with essential system stability requirements as published in system planning studies and the electricity statement of opportunities.
- (ii) Alignment to State-wide strategic plans and net zero policy – such as the network opportunities map, the whole of system plan and SWISDA.
- (iii) Alignment to other key stakeholder directives – such as project of state significance (as per the Dept of Jobs, Tourism, Science & Industry (JTSI) requirements).

### **3.4 Understanding the probability to proceed**

The focus of this element is to select out projects which are not imminent or probable to progress, ensuring that the 'critical project' fast-tracked queue does not become clogged with inactive or delayed projects.

Probability to proceed will be assessed against the following:

- (i) Customer readiness – considering completion of designs, statutory and board approvals, offtake agreements, land access, established procurement commitments, and payment against key milestones, as required by Western Power.
- (ii) Customer ability – considering access to technical resource and financial capital, social licence to proceed, past experience to relevant projects.
- (iii) Connection ability – asset design, alignment to standardised designs.

## 3.5 Roles and requirements

### *Western Power requirements*

Western Power's role in managing critical projects is threefold:

- (i) To publish and maintain a current guideline to support customers in understanding if their project is eligible for 'critical' status.
- (ii) To assess projects for critical project status at each customer connection process step (i.e. 1. Enquiry 2. Initiation 3. Scoping and 4. Planning).
- (iii) To commit to and deliver projects in the 'fast-track' along with removing any projects from the fast-track that become dormant or are no longer eligible for fast-track status.

### *Customer requirements*

The customer's role in the progression of a critical project is:

- (i) To consider the guideline provisions and consider if their project may be eligible for 'critical project' status.
- (ii) To provide information as evidence to satisfy the criteria, at each stage, to demonstrate probability of proceeding.
- (iii) To meet all other usual connection process requirements and to remain active throughout the process.

## 3.6 Next steps

Western Power will summarise information provided from submissions in a response document, to be made publicly available with the guideline.

We will consider your feedback in finalising our guideline. The guideline will be made publicly available, along with a summary of your insights and feedback from this consultation.

As part of the consultation process, should it be necessary to make adjustments, we will make a recommendation to the regulatory agencies so that the related regulatory instruments clarify the intent of connecting critical projects – including the *Electricity Networks Access Code 2004* and the *Applications and Queuing Policy 2022*.