

# **FINAL DECISION**

## **PNAC CONSULTATION DOCUMENTS**

13/12/2021

## 1. Introduction

On 30 July 2021, Horizon Power published an invitation to the public (**First Round Submission**) to submit their comments on the various documents (see Section 2 below) Horizon Power is required to undertake public consultation and to publish under the Pilbara Networks Access Code 2021 (**PNAC**).

Horizon Power received a [submission from Alinta Energy](#) in response to the First Round Submission. On 22 October 2021, Horizon Power publish its [Draft and Final Decision](#) which consists of:

- draft decision (pursuant to clause A1.7(c) of PNAC Appendix 1) (**Draft Decision**);
- final decision (pursuant to clause A1.9(b) of PNAC Appendix 1); and
- an invitation for submission on the Draft Decision with due date of Friday 5 November 2021 (**Second Round Submission**).

## 2. PNAC Consultation Documents

The PNAC requires Network Service Providers to undertake the ‘standard consultation process’ as set out in Appendix 1 of the PNAC (**PNAC Appendix 1**) before first publishing the class of information (set out in section 38(1) of the PNAC) (**Class of Information**) by 7 January 2022.

Horizon Power has prepared and published the following draft documents to undertake the ‘standard consultation process’:

|    | <b>Class of Information</b> | <b>Draft documents for public consultation</b>   |
|----|-----------------------------|--|
| 1. | System Description          | System Description   |
| 2. | Services and Pricing policy | Capital Base Roll Forward Methodology<br>Tariff-setting methodology<br>Price List 2021-22<br>Prudent Discount Policy<br>Reference Services<br>Template Access Contract |
| 3. | Network Development Policy  | Contributions Policy<br>NWIS Planning Standards<br>Regulated Pilbara Network Overview  |
| 4. | User Access Guide           | User Access Guide  |

### **3. Second Round Submission**

Horizon Power has received a [submission from Alinta Energy](#) in response to the Draft Submission (i.e. Second Round Submission) which have been collated here, along with Horizon Power's response in the form of Horizon Power's final decision on the Second Round Submission (pursuant to clause A1.9(b) of PNAC Appendix 1). This is set out in Section 4.

### **4. Horizon Power's Final Decision on Second Round Submission**



| Item                           | Reference    | Alinta Comment / Issue  | Alinta Recommendation (First Round Submission)  | Horizon Power Response  | Alinta Energy further comment (Second Round Submission)  | Horizon Power further Response  |
|--------------------------------|--------------|---|---|---|--|---|
| <b>User Access Guide (UAG)</b> |              |   |   |   |  |   |
| 31                             | Section 11.1 | Alinta Energy considers that it is unreasonable for the user to be liable for the cost where of a new load connects elsewhere in the network and the studies need to be repeated. | Insert a 'best endeavours' requirement for the user to be notified where a change in assumptions is likely so that the user can decide whether to either:<br>- execute the agreement prior to when the assumptions change; or<br>- progress in light of the increased cost. | <p>The current draft Queuing Policy states that applicants do not have certainty in their connection solution (i.e. assumptions used in the studies will only be 'locked in' and included Horizon Power's base case model for assessment of subsequent applications) (<b>lock-in assumptions</b>) until the parties have entered into the access contract, connection works contract and the applicant pay the applicable guarantees (<b>lock-in on contract signing</b>).</p> <p>Horizon Power has received feedback from Alinta (via the standard consultation process) and other applicants in relation to the draft Queuing Policy. After due consideration, Horizon Power intends to amend the Queuing Policy to also adopt Model 4 (reserve on payment of deposit) set out in Horizon Power's 2019 <a href="#">Queuing Policy</a></p> | <p>Alinta Energy appreciates Horizon Power considering its feedback and devising ways for applicants to better manage the risk of needing to pay for new studies where competing applications cause the network assumptions to change. Alinta Energy broadly supports the proposed deposit mechanism but suggests one further amendment:</p> <ul style="list-style-type: none"> <li>A decision should be made about whether an application needs to be referred to the ISO prior to the deposit being paid. This is to support the applicant managing the risk of paying the deposit only to have the terms of their access significantly altered by the ISO.</li> </ul> | <p><b>ISO involvement:</b> Horizon Power believes that the deposit option can be offered to the applicant prior to ISO referral/approval, provided that the applicant is made fully aware of the risks involved with proceeding at that point in time. An applicant is not obligated to utilise the deposit mechanism at this point and are welcome to defer progressing with the deposit option until they are able to provide a firm commitment to proceed with the connection (which in most instances will likely be after ISO approval).</p> |

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|      |           |                        |  | <p><a href="#">Stakeholder Consultation Paper, which underwent public consultation in 2019</a>. The key terms of the proposed Queuing Policy are set out in <b>Appendix A (Amended Queuing Policy)</b> of this “draft and final decision” document.</p> <p>Horizon Power are also seeking to increase transparency with applicants as to the potential impacts of concurrent applications to assist in the applicant's decision making process. The key changes to the provision of information are set out in <b>Appendix B (Increased Transparency in Application Process)</b> of this “draft and final decision” document.</p> | <p>In addition, in relation to the provision of dynamic models - In Alinta Energy's experience, applicants may not be able to provide dynamic models of their facilities until long after the preliminary assessment phase. This is because OEMs normally won't allow access to their facility's model until after the applicant has committed to a procurement decision. Consequently, requiring the model before a deposit may result in many applicants not being able to use the deposit mechanism and manage their risk of being 'gazumped'.</p> <p><u>Proposed solution:</u><br/>Alinta Energy suggests that Horizon Power consider whether the dynamic model can be required later in the application process and after the deposit is paid.</p> | <p><b>Dynamic Model:</b> In order to provide certainty to subsequent/parallel applicants, Horizon Power considers the dynamic model a necessary prerequisite to offering the deposit mechanism.</p> <p>Horizon Power is seeking to strike a balance between providing certainty to applicants, efficiency in connections costs while ensuring strategic behaviour is appropriately managed. Horizon Power may review the effectiveness of its proposed Queuing Policy (as set out in the User Access Guide) and update as required.</p> |

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| 32   | Section 11.4 | <p>The User Access Guide states that Horizon Power will take all care to minimise the risk of disclosing confidential information about an applicant's project. However, where it is not possible to disclose the existence of a Competing Application and its potential impact on another applicant's connection without revealing confidential information to that other applicant, Horizon Power Pilbara Network Business must nonetheless disclose those</p> | <p>Provide additional parameters around the circumstances when Horizon Power will disclose information about a competing application, including, but not limited to, the requirement to inform the applicant that it's information may need to be disclosed. This notification should be done sufficiently prior to the disclosure to allow the applicant to respond to the notification.</p> | <p>Horizon Power notes that the definition of 'confidential information' under the PNAC is extremely wide. Although Alinta's recommendation seems reasonable, it will be difficult to manage within PNAC prescribed time constraints.</p> <p>Horizon Power proposes to amend the UAG (and any other applicable documentation) to state that, by submitting an application, the applicant agrees for the certain information to be shared with other subsequent applicants in order to increase transparency. At this stage, Horizon Power believes such information will be limited to the following:</p> <ul style="list-style-type: none"> <li>• Size of connection;</li> <li>• Entry or exit service;</li> <li>• Location of connection which will be limited to either East Pilbara or West Pilbara;</li> <li>• Whether the connection is transmission or distribution connected.</li> </ul> | <p>Alinta Energy appreciates Horizon Power considering its feedback and devising ways to protect confidential information within the boundaries of the PNAC time limitations.</p> <p>Alinta Energy considers that the proposed list of information that can be shared with other applicants seems appropriate. However, in noting this, Alinta Energy assumes that the amended UAG will specifically reference this list in relation to the applicant agreeing for certain information to be shared.</p> | <p>Horizon Power will amend the User Access Guide to reflect Appendix B of the Draft and Final Decision including specifically referencing the list of information which the applicant agrees to be shared with other applicants.</p> <p>As per the Queuing Policy, Horizon Power may review the effectiveness of this and update as required.</p> |

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|      |           | <p>facts.<br/>Alinta Energy is concerned about the broad discretion Horizon Power may use regarding the potential disclosure of competing applications.</p> |  | <p>The key changes to the provision of information are set out in <b>Appendix B (Increased Transparency in Application Process)</b> of this “draft and final decision” document.</p> |   |                                |

