



22 September 2021

Transmission via: Pilbara@horizonpower.com.au

PNAC CONSULTATION DOCUMENTS

Please find attached Alinta Energy's submission on Horizon Power's PNAC consultation documents.

Please contact me on jacinda.papps@alintaenergy.com.au or 0417 065 955 if you would like to discuss this submission in further detail.

Yours sincerely

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Item	Clause / section reference	Comment / Issue	Recommendation
System Description			
1.	Section 6.1	<p>The diagram does not include:</p> <ul style="list-style-type: none"> • the 2 x 132kV Transmission Lines from Stovehill Sub to Karratha Terminal (KRT-SHL 81 & KRT-SHL82) • the 33kV Transmission Lines from Dampier Substation to the Rio Tinto's Dampier Main Sub (DMP 61 & DMP 62) • the 33kV connection to Rio Tinto's Cape Lambert Bulk Supply Sub (CLB 61) 	Update to reflect all transmission lines.
2.	Section 6.1	Figure 2 does not follow Horizon Power's standard HV Colouring Convention (66kV – Brown, 132kV – Grey, 220kV – Purple)	For clarity and consistency, update to reflect Horizon Power's standard colouring convention.
3.	Section 7.3	There are not sufficient details describing how the maximum overload was calculated and what assumptions were made in terms of power flows at the point of interconnection at WFD and MDR from the Alinta network.	Update to include sufficient details describing how the maximum overload was calculated and what assumptions were made in terms of power flows at the point of interconnection at WFD and MDR from the Alinta network.

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4.	Section 7.3	<p>Table 1 shows transmission lines owned by Alinta Energy. Alinta Energy considers that this is beyond the scope of what the Horizon Power System Description document should cover. Horizon Power should not display constraints of Alinta's lines without prior consent and understanding of load flows of Alinta's customers.</p> <p>Further, the references in Table 1 are not reflected in the single line diagram.</p> <p>Finally, the limits in the fourth column and supporting text could be drafted in an easier to understand manner.</p>	<p>Remove reference to any Alinta Energy lines. Reflect the references in Table 1 in the SLD.</p>
5.	Section 7.3	<p>Table 2 shows Generation Limits to resolve network constraints but does not give sufficient details of credible scenarios and non-credible scenarios. It appears that Horizon Power has taken a worst case scenario for these contingencies.</p> <p>Further, there is insufficient information in the system description to interpret the impact of these limits. For example, what are the West and East Pilbara load centres, where are they in relation to the diagrams provided?</p>	<p>Amend to give sufficient details of credible scenarios and non-credible scenarios.</p> <p>Amend to show a most likely scenario for these contingencies.</p>
6.	Section 8.2	Incorrect reference.	Amend reference from "Appendix A. Spare Transformer Capacities" at Substations to "Appendix B..."
7.	Section 9 and appendix 2	Section 9 outlines Wedgefield Substation transformer replacement works, which are due to be in service FY21/22. We would expect these	Update table 2 in appendix 2 to reflect the major network investments outlined in section 9.

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		works to increase the substation capacity. However, Appendix B table 2 shows a declining spare capacity at the Wedgefield substation.	
User Access Guide			
1.	General	<p>Section 42(1)(a) of the PNAC requires the User Access Guide to clearly specify all process steps and requirements.</p> <p>While there are several process steps outlined in the User Access Guide, it is difficult to get a wholistic view of the process for various application types. A flow chart or diagram would assist users or applicants to understand the process in greater detail.</p>	Add a flow chart or diagram to assist users or applicants to understand the process in greater detail, to ensure the requirements of section 42(1)(a) are met.
2.	Table 1.2 Defined Terms	<p>Several definitions are missing the reference source:</p> <ul style="list-style-type: none"> • competing application • Decision • Mutually exclusive competing application 	Update to include the reference source.
3.	Table 1.2 Defined terms and reference to the "Code"	<p>Several defined terms refer to having the same meaning as the Code.</p> <p>Code is then defined as both the PNAC and ENAC in the defined terms (due to the reference to "ENAC <u>or Code</u>" on page 6 of 31 of the User Access Guide).</p>	Remove "or Code" from the title for the defined term "ENAC or Code".
4.	Table 1.2 Defined Terms	<p>The Horizon Power Pilbara Network Business definition:</p> <ul style="list-style-type: none"> • includes the italicised term "ringfenced business" which indicates that it is a 	Amend, as appropriate.

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		<p>defined term in the User Access Guide. However, there is no corresponding definition.</p> <ul style="list-style-type: none"> includes the italicised term “capacity” which is then defined as the maximum rate that electricity can be transferred. For the purposes of this definition – capacity should not be italicised. This issue is also present in section 1.3. 	
5.	Table 1.2 Defined Terms	The definition of the NWIS differs from the definition in the PNAC, which refers to the definition of interconnected Pilbara System in the Act.	To avoid any unintended consequences - update to refer to/reflect the PNAC/Act rather than another piece of legislation which has a slightly different definition.
6.	Section 1.4 – access scenarios	<p>Section 1.4 allows for two types of access scenarios:</p> <ol style="list-style-type: none"> Scenarios where a party is seeking to modify an existing connection point (Modify Access Contract). New connections (and the entering into of an associated access contract for that new connection point) – Paired Access. <p>Alinta Energy considers that there is potentially a third type of access scenario where an access seeker may seek to access an “existing” connection point but may need to enter an access contract to access that existing connection point, which doesn't seem to be allowed under this User Access Guide.</p>	Update to allow for a third category of access.

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7.	Section 2.2 – determination of costs for preliminary enquiries	<p>The preliminary enquiries section notes that “We will promptly respond to discuss your enquiry and, where applicable, next steps and <u>applicable fees</u>”.</p> <p>Alinta Energy does not consider that this meets the requirements of section 42(2)(e) of the PNAC which outlines that a user access guide should “include the basis for determining how reasonable costs to be paid by the application in respect of preliminary enquiries will be calculated”.</p>	Amend to meet the requirements of section 42(2)(e) of the PNAC.
8.	Section 3.1 – Design Invoice	<p>Section 3.1 specifies that Horizon Power will issue a Design Invoice of \$6,287 <u>and if more costs are incurred above this a user will be charged the additional costs.</u></p> <p>This seems a very high amount for what is essentially household load connections, considering Horizon Power reserves the right to charge more on top.</p> <p>Alinta Energy does not consider that this meets the requirements of section 42(2)(c) of the PNAC, in that it does not balance the interests of the NSP and reasonably foreseeable requirements of the user/applicant.</p>	<p>Amend section 3.2 so that Horizon Power is only entitled to pass on costs in excess of \$6,287 that are reasonable and are subject to the User’s prior written consent (not to be unreasonably withheld on production of supporting evidence from Horizon Power as to the reasonable additional costs).</p> <p>It is unreasonable for the guide to provide that the design costs in excess of \$6287 are non-refundable if the User does not have the opportunity to approve the additional costs in order to progress the Paired Application.</p> <p>Failure to agree the extra costs should not be grounds for Horizon Power determining that the user has not satisfactorily progressed the application.</p>
9.	Section 3.1 – Design Invoice	The User Access Guide imposes a Design Invoice cost of \$6,287 – which is close to Western Power’s cost for “complex” designs – regardless of the	Offering different design fees based on the complexity of the design. While Alinta Energy recognises that Horizon Power’s costs may be higher due to its operating environment, Western Power’s

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		complexity of the design.	charges are below for reference: <ul style="list-style-type: none"> • \$1,320 for "standard" designs • \$3,300 for "detailed" designs • \$6,600 for "complex" designs
10.	Section 3.2 – timing for access offer when no further investigations are needed	<p>The User Access Guide states that "<u>We will generally issue you with an Access Offer within thirty (30) business days</u> of confirmation of a Complete Application and payment of the Design Invoice."</p> <p>Alinta considers the words "generally" has been inserted in the PNAC in order to capture that the timeframes may be extended in the circumstances set out in section 71.</p> <p>Alinta Energy does not consider that section 3.2 meets the requirements of section 42(5) of the PNAC as it does not set the maximum timeframe within which the NSP will give an access offer.</p> <p>In addition, section 3.2 is inconsistent with the requirements in section 42(1)(b) and (c) of the PNAC which provides that the process for determining timeframes is clearly specified.</p>	<p>Section 3.2 should be amended to remove the words "generally" in the opening paragraph to comply with the requirements of clause 42(5).</p> <p>In addition to the circumstances set out in section 8 of the User Access Guide, if Horizon Power considers that it may need more than 30 business days to issue an Access Offer it should, in accordance with PNAC, clearly specify what those delays may be and the maximum timeframe in which an Access Offer will be made. This will give effect to section 42(1)(c) of the PNAC allowing the user to hold Horizon Power to its clear timeframes and processes.</p>
11.	Section 3.2 and section 8 – timing for access offer when further investigations are needed	<p>When read together it is not clear what the maximum timeframe will be for an access offer to be made when further investigations need to be conducted.</p> <p>Alinta Energy does not consider that this meets the requirements of either:</p> <ul style="list-style-type: none"> • section 42(5)(b) of the PNAC as it does not set the maximum timeframe within which 	Amend to add a maximum timeframe in order to meet the requirements of clause 42(5).

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		<p>the NSP will give an access offer; or</p> <ul style="list-style-type: none"> section 42(1)(b) and (c) of the PNAC which provides that the process for determining timeframes is clearly specified. 	
12.	Section 3.2 – connection costs	<p>Horizon Power has stated that the access offer is not final and non-binding, and that the user will:</p> <ul style="list-style-type: none"> be liable for the total final connection cost (regardless of a previously indicated estimate); and have no claim or right or cause of action against Horizon Power Pilbara Network Business for any errors, omissions or any discrepancy between the connection cost estimate and the final connection cost. <p>This is a disproportionate risk on the user and Alinta Energy does not consider that this meets the requirements set out in section 42(2)(c) of the PNAC, in that it does not balance the interests of the NSP and reasonably foreseeable requirements of the user/applicant.</p> <p>Alinta disagrees that the connection cost estimate are not final and binding. This is inconsistent with section 71(3)(c) of the PNAC which states that the terms of the Access Offer be in the form capable of acceptance. Any price that is not binding is void for uncertainty and is not capable of acceptance.</p>	<p>Amend Section 3.2 to delete the words “regardless of a previously indicated estimate”.</p> <p>If Horizon Power wants to recover costs above the indicated estimate that should be in accordance with the Contributions Policy or with the User’s prior written consent (not to be unreasonably withheld on production of supporting evidence from Horizon Power as to the reasonable costs above the initial estimate).</p> <p>Delete the wording which limits Horizon Power’s liability for errors and omissions. Horizon Power’s liability should only be limited to the extent that any errors or omissions are directly caused by misinformation provided by the user.</p> <p>Delete the words “not final and binding”. If Horizon Power has reasonable grounds for incurring reasonable additional costs, the access offer should provide a mechanism for allowing these costs to be passed through to the user.</p>
13.	Section 3.2 – Conditions for access offer and ISO	The User Access Guide states that an access offer is conditional on the Pilbara ISO certification	The User Access Guide should be amended to reflect that some connections will be exempt from ISO certification (once the access and connection

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	certification	<p>under section 270(2) of the PNR.</p> <p>This section includes the concept of an exempt connection which does not need ISO certification.</p>	procedure has been published).
14.	Section 4.1 – determination of reasonable costs when further investigations are not required	It is not clear what the Design Fee Invoice will be or is estimated to be when there are no investigations required to complete the paired application, as this term is not defined, and is not linked to the Design Invoice referred to in section 3.1 of the User Access Guide.	Update to provide additional detail on what the Design Fee Invoice is, and how it will be calculated.
15.	Section 4.1 - determination of reasonable costs when further investigations are required	<p>It is not clear how an “invoice” will be calculated when further investigations are required.</p> <p>Alinta Energy does not consider that this meets the requirements of sections 42(2)(h) of the PNAC which outlines that a user access guide should include “...the basis for determining reasonable costs to be paid by the applicant in respect of further investigations”.</p>	Amend to meet the requirements of section 42(2)(h) of the PNAC.
16.	Section 4.1 – assessment of paired application	<p>Alinta Energy does not consider that this meets the requirements of section 42(2)(h) of the PNAC which outlines that a user access guide should “describe the arrangements for undertaking further investigations...”.</p> <p>Firstly, it is not clear in this instance what processes Horizon is undertaking to assess the paired application – i.e. what triggers the further investigation.</p> <p>Secondly, the User Access Guide states that the applicant “may be required to provide a</p>	<p>Add additional information on the software model and model inputs.</p> <p>Please provide information on what triggers the further investigation, what constitutes an “investigation proposal” and an estimate of what such a proposal might cost.</p>

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		<p>software model and model inputs." Please provide context for this requirement for potential applicants –under what circumstances it would be required, software model & model inputs – specify requirements (e.g. PowerFactory & version number, extent of model input or parameter requirements, extent of generator/load data requirements).</p> <p>This can be a costly element of the connection process and should be appropriately defined.</p>	
17.	Section 4.4 – design invoice (no further investigations)	The guide does not define what the design invoice is and at what stage in the process it is issued.	Clarify what the design invoice covers and when it will be issued in the process. Outline the basis by which the amount on the invoice will be determined.
18.	Section 4.4 – determination of reasonable costs (no further investigations)	<p>The User Access Guide states that "...we will generally issue you with an Access Offer within thirty (30) business days of confirmation of a Complete Application and payment of the Design Invoice <u>(and any other costs)</u>."</p> <p>It is also not clear what these "other costs" may entail.</p> <p>Alinta Energy does not consider that this meets the requirements of sections 42(2)(c), in that the interests of the user and the NSP are not balanced.</p>	The reference to any other costs should be deleted. It is not clear to Alinta what "other costs" Horizon Power could incur that are not already captured in the Design Invoice. Any additional costs above the Design Invoice should be reasonable, clearly specified and invoiced to the user with reasonable supporting evidence.
19.	Section 4.4 - timing for access offer (no further investigations)	The User Access Guide states that, for applications where no further investigation is required "...we will generally issue you with an Access Offer within thirty (30) business days of	As above, Section 4.4 should be amended to remove the words "generally" in the opening paragraph to comply with the requirements of clause 42(5). References should be made to the circumstances set

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		<p>confirmation of a Complete Application and payment of the Design Invoice (and any other costs)."</p> <p>Alinta considers the words "generally" has been inserted in the PNAC in order to capture that the timeframes may be extended in the circumstances set out in section 71.</p> <p>Alinta Energy does not consider that section 4.4 meets the requirements of section 42(5) of the PNAC as it does not set the maximum timeframe within which the NSP will give an access offer.</p> <p>In addition, section 4.4 is inconsistent with the requirements in section 42(1)(b) and (c) of the PNAC which provides that the process for determining timeframes is clearly specified.</p>	<p>out in section 8 of the User Access Guide as to when this timeframe can be extended. If Horizon Power considers that it may need more than 30 business days to issue an Access Offer it should, in accordance with PNAC, clearly specify what those delays may be and the maximum timeframe in which an Access Offer will be made. This will give effect to section 42(1)(c) of the PNAC allowing the user to hold Horizon Power to its clear timeframes and processes.</p>
20.	Section 4.3 and 4.4 - timing for access offer when further investigations are needed – option 1	<p>The note under option 1 in the User Access Guide states:</p> <p>"Section 42(5) of the Code requires Horizon Power Pilbara Network Business to issue an Access Offer to an applicant generally within 60 business days after receipt of a Complete Application where further investigations are required. We will, if requested, issue an Access Offer within the timeframe prescribed in section 43(3) of the Code but this will be based on a high-level connection cost estimate".</p> <p>Firstly, we have assumed the second section reference is a typo and should be 42(5).</p> <p>Secondly, Alinta Energy does not agree with Horizon Power's interpretation of section 42(5).</p>	<p>As above, Section 4.4 should be amended to remove the words "generally" in the opening paragraph to comply with the requirements of clause 42(5).</p> <p>References should be made to the circumstances set out in section 8 of the User Access Guide as to when this timeframe can be extended. If Horizon Power considers that it may need more than 60 business days to issue an Access Offer, it should, in accordance with PNAC, clearly specify what those delays may be and the maximum timeframe in which an Access Offer will be made. This will give effect to section 42(1)(c) of the PNAC allowing the user to hold Horizon Power to its clear timeframes and processes.</p> <p>We note that there is acknowledgment as to complexity and length of user response times as to the</p>

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		<p>The clause states:</p> <p>A user access guide must require the NSP to process an access application expeditiously and diligently and, subject to section 42(6), <u>must set a maximum timeframe in which the NSP is to give an access offer to the applicant.</u> This timeframe should generally be no more than —</p> <p>(a) ...; or</p> <p>(b) <u>60 business days after receipt of a completed access application where further investigations are required.</u></p> <p>Refer to commentary in row 18 for additional detail.</p>	<p>timeframes in which an Access Offer is made. This is already captured in Section 8 of the User Access Guide / section 71 of the PNAC. This does not justify retaining the words “generally” and not setting a maximum timeframe in which to provide the user with an Access Offer.</p>
21.	Section 4.4 – connection costs – option 1	<p>The note under option one states:</p> <p>“Section 42(5) of the Code requires Horizon Power Pilbara Network Business to issue an Access Offer to an applicant generally within 60 business days after receipt of a Complete Application where further investigations are required. We will, if requested, issue an Access Offer within the timeframe prescribed in section 43(3) of the Code <u>but this will be based on a high-level connection cost estimate</u>”.</p> <p>Alinta Energy does not consider that this meets the requirements of section 71(3)(c) in that an access offer must be in a form capable of acceptance by the applicant so as to constitute a new or form part of an existing contract.</p>	<p>Amend wording under option 1 to provide for “connection costs” detailed in such specificity that are capable of acceptance by the User”.</p> <p>While Alinta acknowledges that costs may be subject to change once further investigations are undertaken (see further comments below), without detailed costs being provided to the user, the pricing in any agreed Access Offer will be void for uncertainty.</p>

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22.	Section 4.4 – determination of reasonable costs – option 2	<p>The user access guide states that, under Option 2: “You will need to instruct us to proceed with the detailed design analysis proposal and pay the costs set out in that proposal.”</p> <p>Alinta Energy does not consider that this meets the requirements of sections 42(2)(h) of the PNAC, in that the basis for determining reasonable costs to be paid by the applicant has not been appropriately set out.</p>	<p>The process in Option 2 should be amended to include the basis on how the reasonable costs to be paid by the User will be determined (see section 42(2)(h) of the PNAC).</p> <p>For example, we imagine it would be appropriate for the User and Horizon Power to agree on a scope of the design analysis which can allow for itemised cost estimates for each stage of the design process. These costs should be approved by the user (not to be unreasonably withheld on receipt of reasonable supporting evidence by Horizon Power).</p>
23.	Section 4.4 – connection costs in access offer	<p>The user access guide states that the connection cost estimate (in Option 1 or Option 2) is not final and binding and requires the user to acknowledge and agree that:</p> <ul style="list-style-type: none"> • the user will be liable for the total final connection cost (regardless of a previously indicated estimate); and • there will be no claim or right or cause of action against Horizon Power Pilbara Network Business for any errors, omissions or any discrepancy between the connection cost estimate and the final connection cost. <p>This is a disproportionate risk on the user and Alinta Energy does not consider that this meets the requirements set out in section 42(2)(c) of the PNAC, in that it does not balance the interests of the NSP and reasonably foreseeable requirements of the user/applicant.</p>	<p>Amend Section 4.4 to delete the words “regardless of a previously indicated estimate”.</p> <p>If Horizon Power wants to recover costs above the indicated estimate that should be in accordance with the Contributions Policy or with the User's prior written consent (not to be unreasonably withheld on production of supporting evidence from Horizon Power as to the reasonable costs above the initial estimate).</p> <p>Delete the wording which limits Horizon Power's liability for errors and omissions. Horizon Power's liability should only be limited to the extent that any errors or omissions are directly caused by misinformation provided by the user.</p> <p>Delete the words “not final and binding”. If Horizon Power has reasonable grounds for incurring reasonable additional costs, the access offer should provide a mechanism for allowing these costs to be passed through to the user.</p>

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		<p>Alinta disagrees that the connection cost estimate is not final and binding. This is inconsistent with section 71 (3) (c) that the terms of the Access Offer be in the form capable of acceptance. Any price that is not binding is void for uncertainty and is not capable of acceptance.</p>	
24.	Section 4.4 – conditions for access offer	<p>The User Access Guide states that an access offer is conditional on the Pilbara ISO certification under section 270(2) of the PNR.</p> <p>This section includes the concept of an exempt connection which does not need ISO certification.</p>	The User Access Guide should be amended to reflect that some connections will be exempt from ISO certification (once the access and connection procedure has been published).
25.	Section 4.5 - Accepting an Access Offer	<p>Given that the category to which this acceptance relates (any generation or load > 1MVA) Alinta do not consider that using the same acceptance process as that applied to a household is acceptable.</p> <p>The acceptance clause assumes that the Horizon Access Offer will be acceptable to the applicant in terms of cost (see Alinta comments regarding section 4.4 above) and technical conditions.</p> <p>Alinta Energy does not consider that Horizon Board approval as a condition is acceptable. If a connection application is of sufficient size to warrant Board approval, then this should be in place before the Offer is made. This is an unacceptable risk to applicants.</p>	The User Access Guide should be tiered to provide clarity for applicants regarding process and acceptance of generation connections, particularly above a designated size. The offer acceptance process for a 10MW solar plant should by necessity be different to that of a 100MW wind farm.
26.	Section 5.1 – notification of acceptance of request	The User Access Guide states that Horizon Power will notify an applicant as to whether it accepts	Amend the User Access Guide to require Horizon Power to detail the reasons why it has not accepted a

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	to increase or decrease contracted capacity	<p>the request to increase or decrease contracted capacity.</p> <p>Alinta Energy considers that if Horizon Power does not accept the request, it should be required to outline the reasons why (as required under section 71(5) of the PNAC), and that these reasons should align with the circumstances where an NSP is not required to make an access offer as set out in section 71(4) of the PNAC.</p>	request to increase or decrease contracted capacity.
27.	Section 6 – Contributions Policy	The User Access Guide states that the Contributions Policy applies to all Connection Applications. This does not align with section 3 of the Contributions Policy, which states that it applies “where it is necessary for Horizon Power to perform works to provide covered services in the Pilbara region”.	For clarity, amend this section to reflect section 3 of the Contributions Policy.
28.	Section 7 – Pilbara ISO certification	Section 270(2) of the PNR includes the concept of an exempt connection which does not need ISO certification.	Amend the fourth bullet point to reflect that ISO certification is not required for exempt connections (once the access and connection procedure has been published).
29.	Section 10 – Costs of the Pilbara ISO	The User Access Guide does not state that a user will be notified of any Pilbara ISO costs before they are incurred.	Insert a requirement for the user to be notified of the Pilbara ISO costs required to progress their application prior to when they are incurred.
30.	Section 11 - Queuing policy and definition of spare capacity	Alinta Energy considers that the queuing policy will need to clearly identify and define exactly what 'spare capacity' is and how it will be determined at a point in time.	The queuing policy should expressly provide that, when determining whether spare capacity exists at a point in time on the network, Horizon will assume that the capacity associated with an existing access contract will only be determined to be spare capacity when:

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			<ul style="list-style-type: none"> • in the circumstances where the current user has a firm renewal or extension right in their access contract, that right to renew / extend as set out in the access contract has expired or not been exercised; or • in the circumstances where the current user has a right to enter into negotiations with Horizon with a view to extending the term of the access contract or to enter into a new access contract, one of the following occurs: <ul style="list-style-type: none"> ○ the right to enter into those negotiations has expired before being initiated; or ○ the negotiation process has completed in accordance with the terms of the access contract and no extension or renewal has been agreed between the parties.
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.	<p>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:</p> <ul style="list-style-type: none"> - execute the agreement prior to when the assumptions change; or - progress in light of the increased cost.
32.	Section 11.4	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	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

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		<p>confidential information to that other applicant, Horizon Power Pilbara Network Business must nonetheless disclose those facts.</p> <p>Alinta Energy is concerned about the broad discretion Horizon Power may use regarding the potential disclosure of competing applications.</p>	<p>respond to the notification.</p>
33.	Section 11.6	<p>The User Access Guide states that "the demand forecasts used for the purposes of connection studies do not include the load associated with Mutually Exclusive Competing Applications".</p> <p>Alinta Energy assumes that this is intended to not double-up demand profiles from Mutually Exclusive Competing Applications. However, it reads as though none of the loads associated with Mutually Exclusive Competing Applications will be included.</p>	<p>Amend to clarify.</p>
34.	General Comment – Demand Forecasts	<p>When do loads/demands become included in demand forecasts for network planning?</p>	<p>It would be beneficial for the User Access Guide to provide clarity about at what point during the connection process do loads/demands become included in demand forecasts for network planning.</p>
35.	Section 13 – Negotiations	<p>Clause 42(2)(j) of the PNAC requires the User Access Guide to "describe the process ... for requesting negotiations in relation to an access offer, including timelines".</p> <p>Section 13 does not include any information regarding timelines associated with the negotiations process.</p> <p>The process outlined in this section would not be adequate or appropriate for establishing either</p>	<p>A timeline for this "simple form" negotiation should be provided.</p> <p>Horizon should amend their process to differentiate between complex and simple connection types. The negotiation options provided are suitable for simple low-voltage connection types only.</p>

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		<p>the feasibility of, or technical connection details for, a complex project e.g., industrial load of >10MW with intermittent generation behind the meter. A negotiation in good faith for an applicant of this type should be undertaken during the assessment part of the process, so that behind the meter design decisions can be changed in order to meet technical criteria. The process outlined in Section 13 assumes that the application and granting of a contract are binary, with no discussions to be entered into between Horizon Power and the applicant until the process is completed. It is only after Horizon Power has made a decision that the applicant can then "enter into negotiations".</p>	
Services and Pricing Policy			
1	General comment	<p>Rather than publish a separate services and pricing policy Horizon Power has released several separate documents to form part of its services and pricing policy, including:</p> <ul style="list-style-type: none"> • Capital base roll forward methodology • Tariff setting methodology • Price list • Prudent discount policy • Reference services • Template access contract <p>Some of these policies refer to Horizon Power's services and pricing policy, for example</p> <ul style="list-style-type: none"> • the following statement in section 9.1 of the 	<p>Either:</p> <ul style="list-style-type: none"> • Draft a short "Services and Pricing Policy" with the different published documents as appendices or schedules to cover this and other identified gaps; or • Amend the references to the services and pricing policy in various documents.

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		<p>Capital Base Roll Forward Methodology “Horizon Power’s services and pricing policy specifies three year pricing periods”.</p> <p>There may be benefit in having a short services and pricing policy (or amendments to the various documents above will be required).</p>	
Capital Base Roll Forward Methodology			
1.	General	<p>This document indicates that Horizon Power has a published “services and pricing policy” (for example refer to section 9.1).</p> <p>In reality, Horizon Power has released several separate documents to form part of its services and pricing policy, including:</p> <ul style="list-style-type: none"> • Capital base roll forward methodology • Tariff setting methodology • Price list • Prudent discount policy • Reference services • Template access contract 	<p>Either –</p> <ul style="list-style-type: none"> • Draft a short “Services and Pricing Policy” with the different published documents as appendices or schedules; or • Amend the references to the services and pricing policy in this document appropriately.
2.	Section 11 – Accelerated Depreciated	<p>Horizon Power notes that where it accelerates the depreciation of a set of assets it will document the value of, and basis for, this treatment in its published services and pricing policy.</p> <p>However, Horizon Power does not have a published services and pricing policy, rather, Horizon Power has released several separate documents to form part of its services and pricing</p>	<p>Publish a services and pricing policy to address this issue and the other issues Alinta Energy has raised in its “Services and Pricing Policy” section above (i.e. pricing period and circumstances which will lead to an In-period price list review).</p>

Item	Clause / section reference	Comment / Issue	Recommendation
		policy.	
3.	Section 13	The related policies and other documents indicate that a user of this document should read the "Capitalisation Policy" and "Expenditure Forecast Methodology" neither of which seem to be publicly available.	Publish the documents
Tariff-setting methodology			
1	Section 7.2.7 – Allocation of costs to the covered Pilbara network	<p>The document has a conflicting approach to ISO function costs and states that both:</p> <ul style="list-style-type: none"> • Costs relating to the function of the ISO are not recovered through the pricing for covered Pilbara network services (pg. 43); and • System control and dispatch shared costs which include costs for ISO functions in the Pilbara region are allocated to the covered Pilbara network (pg. 45). <p>Alinta Energy considers that Horizon Power should not be recovering any ISO function costs in its target revenue as these recoverable via other means (refer rule 125 of the PNR).</p> <p>Further, in relation to System Control and dispatch shared costs, Horizon Power's Cost Allocation Methodology states:</p> <p style="padding-left: 40px;"><i>A detailed activity based costing exercise was undertaken in March 2019 to determine the most appropriate allocation of costs to each of these functions</i></p> <p>Alinta Energy notes that the delegated ISO functions were not detailed in March 2019 and</p>	<p>Remove the allocation of any costs associated with the ISO delegated functions.</p> <p>Undertake a more detailed and contemporaneous activity based costing exercise now that the delegated ISO function has been detailed.</p>

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		<p>were only finalised in early 2021 and are still to be confirmed via an instrument of delegation. Given this, an activity based costing exercise to determine allocation of costs to the ISO functions from 2019 does not seem to be appropriate.</p>	
2	Sections 5, 11.2 – changes to the rate of return	<p>Horizon Power proposes that the rate of return will be updated annually. However, Alinta Energy considers that this may not meet the requirements in the PNAC:</p> <ul style="list-style-type: none"> (1) Section 57 – The ERA to determine the rate of return to apply for the first pricing period (not each year in the first pricing period) (2) Section 58 – The rate of return to apply for “a pricing period” (not for a year in a pricing period) (3) Section 49(2) the circumstances that can lead to an adjustment in target revenue. 	Update as appropriate
3	Rate of Return	<p>Alinta Energy does not support Horizon Power's approach to calculating its rate of return by estimating it annually and averaging it over a ten-year period, as this doesn't meet the requirements of the PNAC (as above) or match standard regulatory practice.</p> <p>By taking the average expected inflation rate determined for the regulated railways over the last ten years (2.05 per cent) and the average nominal risk-free rate determined for the regulated railways over the last ten years (2.86 per cent) Horizon Power will receive an additional \$13.4M return on its capital base over and above</p>	Update as appropriate

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		what would be expected when following standard regulatory practice and applying the most recent data to the relevant rate of return parameters.	
4	Section 13.2 Adjustments to target revenue	The PNAC provides for adjustments to target revenue. Horizon Power has defined a material impact on Horizon Power's target revenue as an increase (or decrease) in target revenue of more than 1 per cent.	<p>A 1 per cent change seems low. As a comparison, Alinta Energy has set the following materiality thresholds:</p> <ul style="list-style-type: none"> • Non-capital cost variance ~ 2.2% of the FY22 Target revenue • Capital cost variance ~ 7.2% of the opening RAB value.
Price List 2021 -22			
1	General – incentives for reduction in off-peak consumption	The metered demand tariffs in the Horizon price list don't include any considerations or discounts for Off-peak usage (which the Western Power RT5/RT6 tariffs include).	What incentive will Horizon Power offer to customers that reduce off-peak consumption?
2	Section 6 – Price tables	The applicable reference tariff is listed as "not applicable" for these two reference services.	Add the applicable tariff. Given there will be a variable demand charge applied to CMD for these reference services, there needs to be a reference to the actual tariff.
Prudent Discount Policy			
Reference Services			
1.	Reference Services A1 & C1 Eligibility Criteria	<p>3(b) states that Horizon Power may determine that the user's forecast will be less than 1200 MWh per annum.</p> <p>Alinta Energy notes that this is inconsistent with the <i>Electricity Corporations (Pilbara Prescribed</i></p>	Horizon Power should confine the use of forecast load (as determined by the Pilbara ISO) to determine eligibility criteria only to where the connection has less than 12 months of historical data (i.e. is new).

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		<p>Customers) Order 2021 which states that it is the Pilbara ISO role to forecast the expected usage, refer here:</p> <p>“...could reasonably be expected by the Pilbara ISO to never consume 1 200 MWh or more of electricity at the supply point in any 12-month period from the day on which this clause comes into operation”.</p> <p>Further, in developing the Electricity Corporations (Pilbara Prescribed Customers) Order 2021, Energy Policy WA confirmed that “Contestability will be calculated on a 12-month rolling basis and, if a customer's consumption is contestable in any given 12-month period, they become a contestable customer and do not revert to a non-contestable customer if their consumption drops below the threshold. This allows customers to enter contracts in good faith and prevents excessive churn (once contestable, always contestable)”.</p> <p>Given this, utilising forecast energy consumption should not be able to be used as an ongoing determinant of reference service eligibility, except where the connection is a new connection.</p>	
2.	Reference Services A2 & C2 Eligibility Criteria	<p>2(b) states that Horizon Power determines that forecast maximum demand will be less than 1500 kVa annum.</p> <p>This should only be applicable to a new connection or to a connection amendment where a material change in demand is likely to</p>	Horizon Power should confine the use of forecast demand to determine eligibility criteria only to where the connection has less than 12 months of historical data.

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		occur when compared to historical data.	
3.	Reference Services B1 & B2 – applicable reference tariff	The applicable reference tariff is listed as "not applicable" for these two reference services.	Update to refer to the tariff in the price list (and update the price list to ensure that there is an applicable tariff).
Template Access Contract			
1.	Technical Requirements (Clauses 8, 15, 16, 17, 18, 25 and definitions)	<p>The Technical Requirements require compliance with both the Horizon Power Technical Rules (not published or readily available) and the Pilbara Harmonised Technical Rules.</p> <p>This is against the intent of the Pilbara reform whereby the Harmonised Technical Rules (using the Horizon Power Technical Rules as a base) were intended to replace the NSPs own technical rules.</p>	Remove the requirement to require compliance with the Horizon Power Technical Rules as this goes beyond the intent of the Pilbara Reforms. However, if there are additional technical standards/parameters which are required to be met for an NSP to meet its obligations under the PNAC or PNR, then these should be negotiated and included in a schedule to an access contract.
2.	Conditions Precedent (Clause 2)	The Conditions Precedent should be amended to provide for where a condition precedent is for the benefit of the User or the User and HPPN.	<p>Clause 2.3 should be amended to provide for:</p> <ul style="list-style-type: none"> • Where a Condition Precedent is for the benefit of a particular Party that Condition Precedent may be waived by that Party; or • Where a Condition Precedent is for the benefit of both parties, then it may be waived by agreement.
3.	Option to Extend	The template ETAC should provide a mechanism to extend the term.	A provision should be inserted which allows the User to no later than [6] months prior to the end of the term, elect to extend the term.

Item	Clause / section reference	Comment / Issue	Recommendation
4.	Provision and use of Services (Clause 4.1(c))	Clause 4.1(c) places an obligation on User to endeavour to ensure that the rate of electricity transferred into or out of the Network by or on behalf of the User does not exceed the Contracted Capacity. This is outside the control of the User and is therefore unreasonable.	Clause 4.1(c) should be amended to impose a "reasonable" endeavours obligation.
5.	Constraint Solutions (Clause 4.1(d)(C))	It is unreasonable to require the User to reimburse HPPN's costs where it is not in breach of the Agreement or relevant Rules.	Clause 4.1(d)(C) should be amended to only apply where User has breached the Technical Rules or the Agreement.
6.	Constraint Solutions (Clause 4.1)	There is no reasonable limit on the level of curtailment a user can be subject to under clause 4.1.(d)(1).	Insert a new paragraph that requires the constraint solution to keep the extent and duration of any curtailment under clause 4.1(d)(1) to the minimum reasonably required in accordance with good electricity industry practice.
7.	Eligibility Criteria (Clause 4.3)	User should not be in breach of clause 4.3 (Eligibility Criteria) to the extent it is unable to comply with its obligations due to a breach by HPPN in processing the User's application to change the Service in respect of a Connection Point.	Insert a new paragraph (b) that provides that the "User is not in breach of clause 4.3(a) to the extent the User is unable to comply with its obligation under clause 4.3(a) as a result of a breach by Horizon Power Pilbara Network of clause 4.2(b)
8.	Interconnector as a Connection Point (Clause 4.8(b)(2))	HPPN should be liable to the User when it exercises its right to suspend Services where there is an absence of agreement between HPPN and an Interconnected Network Service Provider due to HPPN's negligent act or omission or breach.	Clause 4.8(b)(2) should be amended to carve out where the absence of an agreement is due to HPPN's negligent act or omission or breach.

Item	Clause / section reference	Comment / Issue	Recommendation
9.	Exclusion of Liability for HPPN in Controller contracts (clause 8.1(c))	<p>The obligation to require a Controller to agree to such a broad limitation of liability in favour of HPPN is unreasonable.</p> <p>This limitation of liability goes beyond the statutory indemnity set out in section 120ZB of the EI Act. HPPN should be liable for damage caused except where the relevant statutory immunity applies.</p>	<p>Clause 8.1(c) should be amended. The Controller should not be required to agree to waive its rights to claim against HPPN except where HPPN has the benefit of a statutory immunity. The Controller should be liable to the extent it causes HPPN to suffer loss or damage as a result of the Controller's fraud or wilful default.</p>
10.	Where User is not the Controller (Clause 8.1(f))	<p>For the reasons stated above in item 8, the User indemnity in clause 8.1(f) is unreasonably broad.</p> <p>This indemnity goes beyond the statutory indemnity set out in section 120ZB of the EI Act. HPPN should be liable for loss or damage caused except where the relevant statutory immunity applies.</p>	<p>Amend clause 8.1(f) to limit the indemnity provided by the User to HPPN.</p> <p>The User should not be required to indemnify HPPN to the extent HPPN is under a statutory immunity. In addition, the User should only indemnify HPPN to the extent HPPN suffers damage as a result of the User's wilful default or fraud. The indemnity should not extend to HPPN's Workers, it should not extend to Indirect Loss.</p>
11.	Cost of Operation and Maintenance of Metering Equipment (Clause 11.1(b))	<p>Operation and maintenance of Metering Equipment should be at Horizon Power's cost unless the fault or at the request of the User. For example, if User's customer tampers with equipment, requests a replacement or asks for special meter read.</p>	<p>Amend clause 11.1(b) to provide that HPPN at HPPN's cost will operate and maintain the Metering Equipment in accordance with the requirements of the Metering Code. The User will be liable to reimburse HPPN if testing, calibration, or repair to the Metering Equipment is required due to the direct damage caused by the User or its Customer or if a special meter reading is requested.</p>
12.	Indemnity (Metering) (Clause 11.1(d))	<p>For the reasons stated above in item 8, the User indemnity in clause 11.1(d) is unreasonably broad.</p> <p>This indemnity goes beyond the statutory indemnity set out in section 120ZB of the EI Act.</p>	<p>Amend clause 11.1(d) to limit the indemnity provided by the User to HPPN.</p> <p>The User should not be required to indemnify HPPN to the extent HPPN is under a statutory immunity. In</p>

Item	Clause / section reference	Comment / Issue	Recommendation
		<p>HPPN should be liable for loss or damage caused except where the relevant statutory immunity applies.</p>	<p>addition, the User should only indemnify HPPN to the extent HPPN suffers damage as a result of the User's wilful default or fraud. The indemnity should not extend to HPPN's Workers, it should not extend to Indirect Loss.</p>
<p>13.</p>	<p>Provision of Security (Clause 12 and Schedule 8)</p>	<p>In determining whether Security is required, HPPN should be required to act to the standard of a Reasonable and Prudent Person.</p> <p>The requirements for requesting security should also be in relation to the User's creditworthiness.</p> <p>The "Acceptable Credit Rating" set out in clause 12.1 (b) should also provide for equivalent ratings from internationally recognised credit ratings agencies, such as Kroll.</p> <p>HPPN should be only able to have recourse to security for direct losses suffered or incurred arising out of termination.</p> <p>The Parent Company Guarantee should be limited to the payment of monetary liabilities under the Agreement.</p>	<p>Amend clause 12.1 (a) to provide that HPPN determines (In its sole discretion) at any time during the Term that the User's financial resources are such that <i>a Reasonable and Prudent Person would consider there to be a material adverse change in the User's creditworthiness.</i></p> <p>Amend clause 12 so that any security is only required to equal the Charges for 3 months.</p> <p>Amend clause 12.1 (b) to include "or equivalent rating from an internationally recognised credit ratings agency which is acceptable to HPPN (acting reasonably)."</p> <p>Clause 12.5(b) should be amended to limit the right to apply the proceeds of security to any direct loss suffered or incurred by HPPN as a result of termination.</p> <p>Schedule 8 should be amended to remove references to obligations of the User under the Contract. For example, clause 2(a) of Schedule 8 should be deleted.</p>
<p>14.</p>	<p>Indemnity (Network) (clause 15.2(d))</p>	<p>For the reasons stated above in item 8, the User indemnity in clause 15.2(d) is unreasonably broad.</p> <p>This indemnity goes beyond the statutory indemnity set out in section 120ZB of the EI Act.</p>	<p>Amend clause 11.1 (d) to limit the indemnity provided by the User to HPPN.</p> <p>The User should not be required to indemnify HPPN to the extent HPPN is under a statutory immunity. In</p>

Item	Clause / section reference	Comment / Issue	Recommendation
		HPPN should be liable for loss or damage caused except where the relevant statutory immunity applies.	In addition, the User should only indemnify HPPN to the extent HPPN suffers damage as a result of the User's wilful default or fraud. The indemnity should not extend to HPPN's Workers, it should not extend to Indirect Loss.
15.	No other Warranty (clause 21.3)	Clause 21.3 should be reciprocal.	Amend clause 31.3 so that it applies to both HPPN and the User.
16.	Indemnity (Clause 22.1(b))	Apportionment of liability should be extended to fraud, negligence, and default of the Indemnified Party.	Amend clause 22.1(b) to provide that the Indemnifying Party's liability to indemnify the Indemnified Party under clause 22.1(a) will be proportionately reduced to the extent the Claim or Loss was caused by the Default, negligence, or Fraud of the Indemnified Party.
17.	Exclusion of Indirect Damage (Clause 22.3)	As above, User should not be liable for Indirect Damage under clause 11.1(d) or 15.5(d)	Delete clause 22.3(b)(1)(C).
18.	Limitation of Liability (Clause 22.4(b)(2))	The carve-outs to HPPN's limitation of liability should be reciprocal and extend to Wilful Misconduct by HPPN.	Clause 22.4(b)(2)(B) should be amended to include Wilful Misconduct of HPPN.
19.	Default by User (clause 27.2)	Cure periods are too short and not market standard.	Clause 27.2(b) should be amended to extend the cure period to 10 Business Days Clause 27.2(c) should be amended to 20 Business Days
20.	Insurances (clause 23)	The Agreement should provide for Horizon Power's required insurances. It is unreasonable to require Horizon Power to be listed as an additional insured under the plant and equipment insurance. In terms of public and	Insert a new provision requiring HPPN to provide Insurances including public and products liability insurance, statutory workers compensation and motor vehicle and third-party property insurance Delete clause 23.2 and replace with a requirement for

Item	Clause / section reference	Comment / Issue	Recommendation
		products insurance, the requirement to list HPPN as an insured is also onerous.	any public and products liability insurance to extend cover to HPPN within the policy definition of additional insured.
21.	Insurance (Schedule 5)	<p>Paragraph (a) refers to public and products liability which covers User's liability to HPPN for death, bodily injury or loss or damage to property caused by any act, omission, or negligence. This is an overly broad requirement.</p> <p>Paragraph (b) should be amended to provide for Part 2 of the Insurance Regulations 2002.</p>	<p>The breadth of public and products liability insurance requirements needs to be narrowed.</p> <p>In paragraph (b) insert after the words <i>Insurance Act 1973 (Cth)</i> "or to which Part 2 of the Insurance Regulations 2002 apply".</p>
22.	Confidentiality (Clause 34.4)	The categories of Permitted Disclosure should extend to Related Bodies Corporate	Clause 34.4(a)(2) should be amended to include Related Bodies Corporate
23.	General Typographical and Formatting Errors	There are several formatting errors (double spaces) throughout the Agreement	<p>Amend Agreement to remove formatting errors</p> <p>Clause 12.5(b) the word "under" before the words "this clause 12".</p> <p>Schedule 2, Part 2, Condition Precedent 4 amend "Contractor" to "Contract".</p>
Contributions Policy			
NWIS Planning Standards			
1	Section 3.1 - Probabilistic Risk Assessment	<p>This section notes that the Horizon Power network planning process adopts a probabilistic approach and that the Probabilistic Risk Assessment may include consideration of either the total cost of generation, supply reliability outcomes or safety impact.</p> <p>Alinta Energy considers that there would be value in providing additional information/transparency</p>	Provide additional information on the approach taken for the Probabilistic Risk Assessment.

Item	Clause / section reference	Comment / Issue	Recommendation
		about this assessment.	
Regulated Pilbara Network Overview			
1	Section 3	<p>The Regulated Pilbara Network overview states "...The wholesale electricity market supplied by this subset of lightly regulated networks within the NWIS is subject to administered arrangements by the Independent System Operator".</p> <p>There is no wholesale electricity market in the NWIS.</p>	<p>Amend appropriately to reflect:</p> <ul style="list-style-type: none"> • that there is no wholesale electricity market; and • the function of the Pilbara ISO.
2	Section 4.1.1	<p>This section notes that Horizon Power offers seven auxiliary reference services. However, the reference service document appears to only refer to five auxiliary reference services (E1 – E5).</p>	Update appropriately