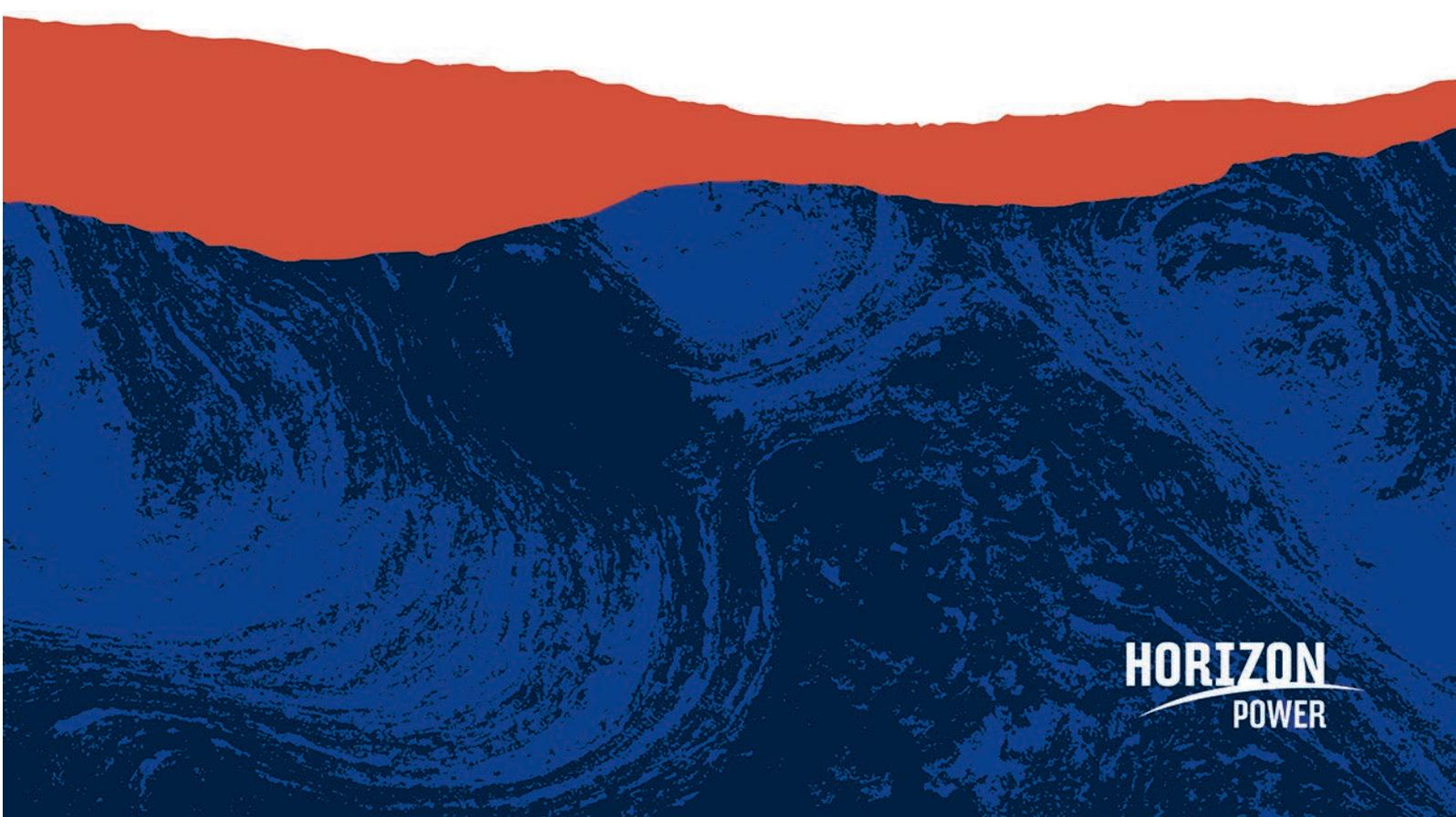


DRAFT AND FINAL DECISION

PNAC CONSULTATION DOCUMENTS

22/10/2021



HORIZON
POWER

1. Introduction

On 30 July 2021, Horizon Power published an invitation to the public to submit their comments on the various documents which Horizon Power is required to undertake public consultation and to publish under the Pilbara Networks Access Code 2021 (PNAC).

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’:

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

3. Draft and Final Decision

Horizon Power has received [submission from Alinta Energy](#) which have been collated here, along with Horizon Power’s response as set out in:

- Section 5 for Horizon Power’s draft decision (pursuant to clause A1.7(c) of PNAC Appendix 1) (**Draft Decision**); or
- Section 6 for Horizon Power’s final decision (pursuant to clause A1.9(b) of PNAC Appendix 1) (**Final Decision**).

4. Second round public submission – Draft Decision

A person may make a submission on the Draft Decision.

This Section 4 sets out Horizon Power’s invitation for submission on the Draft Decision. Submissions must:

- be sent via email to Pilbara@horizonpower.com.au by 5:00pm (Perth, Western Australia) **Friday 5 November 2021** with the email subject line ‘Submission - PNAC Draft Decision’;
- be in the format set out in below Table; and
- include company name, contact name and contact details.

Item	Reference	Comment	Recommendation
Appendix A – Amended Queuing Policy (Draft Decision)			
[insert]	[insert]	[insert]	[insert]
Appendix B – Increased Transparency in Application Process (Draft Decision)			
[insert]	[insert]	[insert]	[insert]

Horizon Power will then consider any submissions received in relation to the Draft Decision and make a final decision as set out in PNAC Appendix 1.



5. Horizon Power’s Draft Decision

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
User Access Guide (UAG)				
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. 	<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) (lock-in assumptions) until the parties have entered into the access contract, connection works contract and the applicant pay the applicable guarantees (lock-in on contract signing).</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 Queuing Policy Stakeholder Consultation Paper, which underwent public consultation in 2019. The key terms of the proposed Queuing Policy are set out in Appendix A (Amended Queuing Policy) 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 Appendix B (Increased Transparency in Application Process) of this “draft and final decision” document.</p>

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
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 facts. Alinta Energy is concerned about the broad discretion Horizon Power may use regarding the potential disclosure of competing applications.</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"> • Size of connection; • Entry or exit service; • Location of connection which will be limited to either East Pilbara or West Pilbara; • Whether the connection is transmission or distribution connected. <p>The key changes to the provision of information are set out in Appendix B (Increased Transparency in Application Process) of this "draft and final decision" document.</p>

Please refer to Section 4 if you wish to make a submission on Horizon Power's Draft Decision.



6. Horizon Power's Final Decision

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
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.	<p>Figure 2 is considered to be a simplified diagram. The Stovehill lines to Karratha Terminal are not considered material for external readers as these lines are underground sections only spanning 250m – 300m. These lines are therefore unlikely to be of value to connecting parties.</p> <p>The 33kV connection lines to Rio Tinto were originally excluded from the diagram on the basis that Horizon Power defines transmission assets as being 66kV and above. For clarity, these will be included in the next version of the document, along with the interconnection points to Alinta's network.</p>
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.	Document to be updated in line with Alinta's feedback.
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.	<p>The overloads use data within the complete Power Factory model for the Pilbara. It is not appropriate for Horizon Power to publish this broadly.</p> <p>Once the ISO has established a whole of system model, Horizon Power is comfortable seeking ISO approval of the modelling performed.</p>
4	Section 7.3	Table 1 shows transmission lines owned by Alinta Energy. Alinta Energy considers that	Remove reference to any Alinta Energy lines. Reflect	Horizon Power will revise the document such that Alinta's lines are not included. Alinta however does have

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
		<p>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>the references in Table 1 in the SLD.</p>	<p>interconnections with Horizon Power's network which have the potential to impact reliability of the broader system should a single contingency result in both interconnects tripping. As such, this document will be revised to note that "Likely wide scale loads loss on Horizon Power and Rio Tinto Systems can occur as the result of UFLS operation" as this is the impact of this overload (islanding of Alinta System will result in loss of generation on Horizon and Rio Tinto system that will exceed the current spinning reserve policy).</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. Amend to show a most likely scenario for these contingencies.</p>	<p>Only N-1 contingency scenarios were considered. This is stated in the report and is consistent with Horizon Power Contingency Criteria and the PNR.</p> <p>All possible generation scenarios were considered for each contingency scenario as this is necessary to define the limits which need to apply to generation scenarios.</p>
6	Section 8.2	<p>Incorrect reference.</p>	<p>Amend reference from "Appendix A. Spare Transformer Capacities" at Substations to "Appendix B..."</p>	<p>Document to be updated in line with Alinta's comments.</p>
7	Section 9 and appendix 2	<p>Section 9 outlines Wedgefield Substation transformer replacement works, which are due to be in service FY21/22. We would expect these works to increase the</p>	<p>Update table 2 in appendix 2 to reflect the major network investments outlined in section 9.</p>	<p>The transformer replacement works at Wedgefield Substation involve replacing two end-of-life 15MVA transformers with a single 45MVA transformer. In the absence of any other factors, this would result in an</p>

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		substation capacity. However, Appendix B table 2 shows a declining spare capacity at the Wedgefield substation.		increase in substation capacity. However, forecasts indicate that there will be an increased reliance on network infrastructure in this region, resulting in an overall decline in available capacity.
User Access Guide (UAG)				
1	General	Section 42(1)(a) of the PNAC requires the User Access Guide to clearly specify all process steps and requirements. 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.	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.	Horizon Power will insert applicable flow chart or diagram to the UAG.
2	Table 1.2 Defined Terms	Several definitions are missing the reference source: <ul style="list-style-type: none"> • competing application • Decision • Mutually exclusive competing application 	Update to include the reference source.	Horizon Power will update UAG to address comment.
3	Table 1.2 Defined terms and reference to the "Code"	Several defined terms refer to having the same meaning as the Code. Code is then defined as both the PNAC and ENAC in the defined terms (due to the reference to "ENAC or Code" on page 6 of 31 of the User Access Guide).	Remove "or Code" from the title for the defined term "ENAC or Code".	Horizon Power will update UAG to address comment.
4	Table 1.2 Defined Terms	The Horizon Power Pilbara Network Business definition: <ul style="list-style-type: none"> • includes the italicised term "ringfenced business" which indicates that it is a defined term in the User Access Guide. However, there is no corresponding 	Amend, as appropriate.	Horizon Power will update UAG to address comment.

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
		<p>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.	Horizon Power will update UAG to address comment.
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.	Horizon Power will note the third type of access scenario.



Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
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.	Horizon Power to update UAG to state that applicable fees will depend on application / what is required to be done.
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</p>	<p>Design fee is applicable for new connection as follows:</p> <ul style="list-style-type: none"> • nil for maximum load below 30 kVA. Households and residentials (other than multi-residential) will be below 30kVA. • \$6,287 for maximum load of between 30kVA and 1000 kVA (or 10% of the relevant systems peak load). The design fee will be deducted from the formal quote if you proceed with the project but is otherwise non-refundable. • TBD for projects with a connection greater than 1000 kVA or 10 per cent of the relevant systems peak load or a subdivision that requires headwork's and the capacity of the connection is greater than 1000 kVA or 10 per cent of the relevant systems peak load. <p>The above fees are not location specific and applies to all Horizon Power networks.</p> <p>Horizon Power to update UAG to state requirement for applicant's prior approval for Design Fee (for between 30kVA and 1000 kVA) in excess of \$6,287.</p>

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
			<p>costs should not be grounds for Horizon Power determining that the user has not satisfactorily progressed the application.</p>	<p>If scope of works or repeated design works means fees will be in excess of \$6,287 then Horizon Power considers it to be reasonable for an application not to be progressed if the applicant does not pay this fee.</p>
9	Section 3.1 – Design Invoice	<p>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 complexity of the design.</p>	<p>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 charges are below for reference:</p> <ul style="list-style-type: none"> • \$1,320 for "standard" designs • \$3,300 for "detailed" designs • \$6,600 for "complex" designs 	<p>Horizon Power notes that the Western Power design fees are for distribution applications only (including new electricity supply to a single house) and are non-refundable. Horizon Power's fees (as set out in item 8) do not apply to households and residential (other than multi-residential) as they are generally under 30 kVA.</p> <p>Additionally, Western Power charges application fee of \$495 and cancellation fee of \$550. Horizon Power does not charge such fees.</p>
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 of confirmation of a Complete Application and payment of the Design Invoice.</u>" 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. Alinta Energy does not consider that section 3.2 meets the requirements of</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). In addition to the circumstances set out in section 8 of the User Access Guide, if Horizon Power considers that it may need</p>	<p>Horizon Power will update UAG to reflect Alinta's comments in relation to the delay. This will also be reflected in section 4.4.</p> <p>Horizon Power to review its interpretation of the word 'generally' in section 42(5) and, if required, will amend the UAG accordingly.</p>

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
		<p>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>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	<p>Section 3.2 and section 8 – timing for access offer when further investigations are needed</p>	<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. 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 the NSP will give an access offer; or • section 42(1)(b) and (c) of the PNAC which provides that the process for determining timeframes is clearly specified. 	<p>Amend to add a maximum timeframe in order to meet the requirements of clause 42(5).</p>	<p>Section 3 deals with paired application process for connections for load below 1 MVA and sets out the maximum timeframe (noting comments set out in item 10). Due to the size of the connection, this section does not deal with further investigations.</p>
12	<p>Section 3.2 – connection costs</p>	<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 	<p>Amend Section 3.2 to delete the words “regardless of a previously indicated estimate”. If Horizon Power wants to recover costs above the</p>	<p>Horizon Power notes that the Access Offer if accepted will be final and binding. However, the connection cost is an estimate only.</p> <p>Horizon Power is only able to deliver a certain amount of material (including class of cost estimate) in the</p>

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
		<ul style="list-style-type: none"> 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>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>	<p>limited timeframe prescribed in the PNAC. If an applicant requires an access offer within the prescribed timeframe, then Horizon Power can only provide one based on high-level connection cost estimate. However, alternative pathways are also made available to applicants as they can choose to firm up the connection cost estimate prior to entering into an Access Contract.</p> <p>Horizon Power is seeking to provide a number of connection/access pathways for applicants such that they can choose the pathway that best reflects their risk profile.</p>
13	Section 3.2 – Conditions for access offer	The User Access Guide states that an access offer is conditional on the Pilbara ISO certification under section 270(2) of the PNR.	The User Access Guide should be amended to reflect that some connections will be exempt	Horizon Power to update UAG to note exemption.

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
	and ISO certification	This section includes the concept of an exempt connection which does not need ISO certification.	from ISO certification (once the access and connection 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.	See above response in item 8.
15	Section 4.1 - determination of reasonable costs when further investigations are required	It is not clear how an “invoice” will be calculated when further investigations are required. 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”.	Amend to meet the requirements of section 42(2)(h) of the PNAC.	Horizon Power to update UAG to tie invoice to costs of the scope of works to be approved by applicant.
16	Section 4.1 – assessment of paired application	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...”. 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. Secondly, the User Access Guide states	Add additional information on the software model and model inputs. Please provide information on what triggers the further investigation, what constitutes an “investigation proposal” and an estimate of what such a proposal might cost.	When an application is submitted, Horizon Power to check the following to ascertain if further investigations will be required: <ul style="list-style-type: none"> • available capacity in the upstream network; and • whether connection point is readily available on the network. Horizon Power's Network Modelling Guideline (which is to be published as required under the PNR) will set out software model requirements (incl. version no.) and under what circumstances it would be required. Horizon

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
		<p>that the applicant “may be required to provide a 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). This can be a costly element of the connection process and should be appropriately defined.</p>		<p>Power will update UAG to reflect this.</p> <p>Pilbara ISO will have its own governing document dealing with modelling to be undertaken by Pilbara ISO.</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.	Horizon Power believes this is sufficiently addressed but will review to see if this can be further clarified in the UAG.
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.	Horizon Power will delete the words ‘(and any other costs)’.

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
19	Section 4.4 - timing for access offer (no further investigations)	<p>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 confirmation of a Complete Application and payment of the Design Invoice (and any other costs)." 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>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 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>	<p>Please refer to above comments in items 10 in relation to the word 'generally'.</p> <p>Where section 8 applies, the maximum timeframe set out in section 4.4 (noting the comment in item 10) will be extended.</p>
20	Section 4.3 and 4.4 - timing for access offer when further investigations	<p>The note under option 1 in the User Access Guide states: "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</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</p>	<p>Refer to above comments in item 19.</p>

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
	<p>are needed – option 1</p>	<p>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". Firstly, we have assumed the second section reference is a typo and should be 42(5). Secondly, Alinta Energy does not agree with Horizon Power's interpretation of section 42(5). The clause states:</p> <p style="padding-left: 40px;">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 style="padding-left: 40px;">(a) ...; or</p> <p style="padding-left: 40px;"><u>(b) 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>42(5). 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. We note that there is acknowledgment as to complexity and length of user response times as to the 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</p>	



Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
			timeframe in which to provide the user with an Access Offer.	
21	Section 4.4 – connection costs – option 1	<p>The note under option one states: “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>	<p>Horizon Power to retain wording “based on a high-level connection cost estimate”. If applicant requires an access offer within the prescribed timeframe, then Horizon Power can only provide one based on high-level connection cost estimate and the User must wear the risks associated with their selected connection pathway. Applicants are welcome to request an alternative connection pathway by choosing to firm up the connection cost estimate prior to entering into an Access Contract.</p>
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</p>	<p>Horizon Power to update UAG to state that parties to agree on the scope of works.</p>

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
			<p>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. 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</p>	<p>Amend Section 4.4 to delete the words “regardless of a previously indicated estimate”. 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). 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</p>	Refer to above comments in item 12.

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
		<p>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>misinformation provided by the user. 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>	
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. This section includes the concept of an exempt connection which does not need ISO certification.</p>	<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).</p>	<p>Horizon Power to update UAG to reflect Alinta comment</p>
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. 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. 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</p>	<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.</p>	<p>In certain circumstances (essentially based on the value of the relevant agreement), Horizon Power will need to obtain the approval of its Board and potentially the approval of the Minister for Energy under section 68 of the <i>Electricity Corporations Act 2005</i> (WA) (ECA) to enter into the relevant agreement.</p> <p>Horizon Power Board approval is required for any agreement needed to be signed by the Board through the affixation of the common seal. Generally, the Board needs to approve and sign any agreement where the value of that agreement exceeds the delegated financial authority (granted pursuant to section 135(4))</p>

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
		<p>approval, then this should be in place before the Offer is made. This is an unacceptable risk to applicants.</p>		<p>of the ECA) of a staff member in respect of that agreement.</p> <p>Currently, in regard to network access agreements and network connection agreements, the Board is required to approve and sign those types of agreements, where the value of the relevant agreement exceeds \$10 million.</p> <p>In these circumstances, Board approval is not needed (and cannot be included) as a condition precedent because the relevant agreement cannot be entered into without the Board actually signing and approving it. As such, Horizon Power will remove this condition precedent from the Template Access Contract but may add it as a drafting note. Additionally, please note that the UAG states that, where applicable, the Access Offer is conditional upon Board approval.</p> <p>Where the relevant agreement exceeds the value triggering section 68 ECA Ministerial approval, the granting of that approval can be included as a condition precedent in an agreement signed by the Board, if the parties wish that to be the case.</p> <p>Alternatively, the parties may choose to wait until that Ministerial approval is granted prior to actually entering into the relevant agreement.</p>
26	Section 5.1 – notification of acceptance	The User Access Guide states that Horizon Power will notify an applicant as to whether it accepts the request to increase	Amend the User Access Guide to require Horizon Power to detail the reasons	Horizon Power to update UAG to clarify that the notification is after an applicant submits prelim enquiry. If Horizon Power cannot form a view, then applicant

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
	of request to increase or decrease contracted capacity	or decrease contracted capacity. 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.	why it has not accepted a request to increase or decrease contracted capacity.	needs to submit online application form after which it will be advised in detail should the application not be approved.
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.	Horizon Power to update UAG to reflect Alinta comments
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).	Horizon Power to update UAG to reflect Alinta comments
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.	Horizon Power to update UAG to reflect Alinta comments
30	Section 11 - Queuing policy and definition	Alinta Energy considers that the queuing policy will need to clearly identify and define exactly what 'spare capacity' is and	The queuing policy should expressly provide that, when determining whether spare	The connection assessment / study will assist in determining the potential connection solution options (which may utilise existing assets and require additional

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
	of spare capacity	how it will be determined at a point in time.	<p>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:</p> <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 	<p>works / augmentation). The spare capacity only relates to existing assets which does not require additional works as part of the proposed connection solution. The capacity is 'committed' whilst it is contracted.</p> <p>Horizon Power to amend UAG to tie in the concept of capacity with committed loads and generation.</p> <p>The termination date of a particular access contract is only one factor in Horizon Power assessing inclusion of the load or generation in the network planning/forecast.</p>



Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
			<ul style="list-style-type: none"> ○ 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.	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: <ul style="list-style-type: none"> - execute the agreement prior to when the assumptions change; or - progress in light of the increased cost. 	<p>The Queuing Policy provides mechanism to lock in the assumptions into the base case scenario. As this mechanism exists, it is reasonable (and practicable) for applicants to bear the risk that some studies may need to be repeated at the applicant's costs.</p> <p>Horizon Power does not believe the words 'best endeavours' to be included as such information may be confidential as per Alinta's comments in item 32 below.</p> <p>Please refer to Section 5 (Horizon Power's Draft Decision) in relation to Horizon Power's proposal to amend Queuing Policy.</p>
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	Provide additional parameters around the circumstances when Horizon Power will disclose information about a	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.

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
		<p>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 facts. Alinta Energy is concerned about the broad discretion Horizon Power may use regarding the potential disclosure of competing applications.</p>	<p>competing application, including, but not limited to, the requirement to inform the applicant that its 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>Please refer to Section 5 (Horizon Power's Draft Decision) in relation to Horizon Power's proposal to increase transparency for certain confidential information.</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". 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>	<p>The words "the demand forecasts used for the purposes of connection studies do not include the load associated with Mutually Exclusive Competing Applications" is incorrect. Please refer to Horizon Power's response below in item 34 in relation to when assumptions are 'locked in' and included in Horizon Power's base case model.</p> <p>Horizon Power will update UAG to remove this and replace with Horizon Power to only issue a Competing Offer.</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>	<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) (lock-in assumptions) until the parties have entered into the access contract, connection works contract and the applicant pay the applicable guarantees (lock-in on contract signing).</p>

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
				<p>Please refer to Section 5 (Horizon Power's Draft Decision) in relation to Horizon Power's proposal to amend the Queuing Policy to also lock-in assumptions on payment of optional non-refundable deposit.</p> <p>Horizon Power will include the loads/demands in the network planning / forecasting (and Horizon Power's base case model) when applicant commits (i.e. lock-in assumptions under as per the Queuing Policy).</p> <p>Horizon Power will update the UAG to reflect the above.</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 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</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>	<p>Section 73 states that an applicant who has made an access application may by notice to the NSP request negotiations in relation to any aspect of access to a covered service. Horizon Power to update UAG to reflect this (i.e. applicant may make written request for negotiation at any time after making an application).</p> <p>Horizon Power believes this complies with 42(2)(j) (which states that UAG must describe the process for preparing access offer and requesting negotiation, including timelines).</p>

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
		<p>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 Capital Base Roll Forward Methodology "Horizon Power's services and pricing policy specifies three year pricing periods". <p>There may be benefit in having a short services and pricing policy (or amendments to the various documents above will be required).</p>	<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; <p>or</p> <ul style="list-style-type: none"> • Amend the references to the services and pricing policy in various documents. 	<p>Horizon Power will prepare an overarching "Services and Pricing Policy" noting the published documents as appendices.</p>
Capital Base Roll Forward Methodology				



Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
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. 	<p>See above response to comment re the Services and Pricing Policy.</p>
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 policy</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>	<p>See above response in item 1.</p>
3	Section 13	<p>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.</p>	<p>Publish the documents</p>	<p>Horizon Power will delete references to “Capitalisation Policy” and “Expenditure Forecast Methodology” from this document.</p>
<p>Tariff-setting methodology</p>				



Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
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: <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 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>	<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>	<p>Horizon Power will amend the document to clarify Horizon Power methodology. This does not affect the actual pricing model.</p>
2	Sections 5, 11.2 – changes to	<p>Horizon Power proposes that the rate of return will be updated annually. However, Alinta Energy considers that this may not</p>	<p>Update as appropriate</p>	<p>The rate of return for the first pricing period will be determined by the Economic Regulation Authority (ERA) in accordance with section 57 of the Pilbara Networks</p>

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
	the rate of return	<p>meet the requirements in the PNAC:</p> <p>(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)</p> <p>(2) Section 58 – The rate of return to apply for “a pricing period” (not for a year in a pricing period)</p> <p>(3) Section 49(2) the circumstances that can lead to an adjustment in target revenue.</p>		<p>Access Code 2021 (PNAC). Section 143(2) of the PNAC states that, following the ERA's rate of return determination, Horizon Power must calculate the prices and publish the services and pricing policy within the time permitted by section 38. Section 38 states that the tariff-setting methodology must be published by 7 January 2022.</p> <p>To comply with the standard consultation process as set out in Appendix 1 of the PNAC and meet the timeframe in section 38, Horizon Power has published its first draft of the tariff-setting methodology. At the time the draft tariff-setting methodology was published, the ERA had not made its determination on the rate of return. Accordingly, the tariff-setting methodology has been drafted based on a holding position for the rate of return.</p> <p>Section 13.3 of the tariff-setting methodology states that the tariff-setting methodology and target revenue will be adjusted to take into account the rate of return as determined by the ERA when that determination is made. Accordingly, sections 5 and 11.2 will be amended when the ERA makes its rate of return determination.</p> <p>References to annual adjustments of the rate of return have been removed from the tariff-setting methodology.</p>
3	Rate of Return	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	Update as appropriate	See above response in item 2.

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
		<p>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 what would be expected when following standard regulatory practice and applying the most recent data to the relevant rate of return parameters.</p>		
4	Section 13.2 Adjustments to target revenue	<p>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>	<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. 	<p>Horizon Power does not regard a 1 per cent materiality threshold as low, particularly as the materiality threshold is relative to target revenue, and is consistent with the definition of "materially" in the National Electricity Rules. Alinta has proposed a capital cost variance of \$250,000 per annum which equates to 7.2 per cent of the opening RAB value and \$100,000 per annum, which equates to 2.2 per cent of target revenue.</p> <p>Horizon Power's materiality threshold equates to a capital cost variance of around \$13.3 million assuming a rate of return of 4.6 per cent and depreciation period of 40 years, and a non-capital cost variance of \$942,768 per annum. In dollar terms, these variances are significantly higher than Alinta's materiality thresholds. A capital cost variance of 7.2% of the opening RAB value is significantly below 1% of target revenue.</p>

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
				Operating cost of 2.2% of target revenue is higher than 1%.
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?	<p>Horizon Power is not currently considering off-peak usage discounts for the published reference tariffs in the first pricing period.</p> <ol style="list-style-type: none"> 1. A large proportion of Horizon Power's load is large customers on transmission and sub-transmission tariffs that are either grandfathered or bespoke. 2. The port load is driven by the tides – incentives to shift load from peak to off-peak times would not be effective. 3. Majority of distribution loads is currently on the uniformed energy tariffs, networks tariffs are not passed through to them, thus not affecting their load profile. 4. The Pilbara network is currently not constrained and therefore there are no efficiency gains associated by discounting loads with higher off-peak electricity usage. <p>Horizon Power will continue to monitor the loading on its network and consider introducing such incentives should circumstances change.</p>
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.	Noted, the document to be updated
Prudent Discount Policy				
None	None	None	None	None

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
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. Alinta Energy notes that this is inconsistent with the <i>Electricity Corporations (Pilbara Prescribed Customers) Order 2021</i> which states that it is the Pilbara ISO role to forecast the expected usage, refer here: "...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". Further, in developing the <i>Electricity Corporations (Pilbara Prescribed Customers) Order 2021</i>, 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)". Given this, utilising forecast energy consumption should not be able to be used as an ongoing determinant of</p>	<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).</p>	<p>Alinta has conflated the contestability threshold with eligibility for a particular reference service. As noted in Alinta's submission the contestability threshold is set out in the <i>Electricity Corporations (Pilbara Prescribed Customers) Order 2021</i>.</p> <p>The eligibility for a particular reference service is set out in the Reference Services document. Forecast demand for the purposes of eligibility for a reference service is relevant to a new connection point, a change in customer at a connection point and where there is a significant change in use by a customer.</p>



Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
		reference service eligibility, except where the connection is a new connection.		
2	Reference Services A2 & C2 Eligibility Criteria	2(b) states that Horizon Power determines that forecast maximum demand will be less than 1500 kVa annum. This should only be applicable to a new connection or to a connection amendment where a material change in demand is likely to occur when compared to historical data.	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.	See above
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).	Noted, the document will be updated
Template Access Contract				
1	Technical Requirements (Clauses 8, 15, 16, 17, 18, 25 and definitions)	The Technical Requirements require compliance with both the Horizon Power Technical Rules (not published or readily available) and the Pilbara Harmonised Technical Rules. 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.	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.	Horizon Power’s understanding of the intent of the Pilbara reform, and the role of the Harmonised Technical Rules (HTR), differs from Alinta’s. The HTR is a base document that (subject to the Pilbara Network Rules) applies to all Pilbara energy participants, including covered Pilbara networks, so to ensure a consistent minimum level of technical compliance and coordination. There are no regulations preventing a network from implementing more stringent measures or technical requirements to mitigate specific challenges associated with their own network, which may not be relevant to the other covered Pilbara networks (i.e. higher penetration of DER). Further, there are a number of technical schedules not present in the HTR which the

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
				<p>registered NSPs are required to produce under the Pilbara Network Rules.</p> <p>Horizon Power's Technical Rules are readily available on its website (https://www.horizonpower.com.au/contractors-suppliers/contractors/manuals-and-standards/). These rules are currently being revised to more readily distinguish between Pilbara requirements and the remainder of Horizon Power's assets.</p>
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. 	Horizon Power will make the requested amendment to its Template Access Contract.
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.	<p>Whether or not Horizon Power includes an extension mechanism in a given Access Contract is a commercial matter for Horizon Power, which will be assessed on a case-by-case basis.</p> <p>Horizon Power does not propose to insert an extension mechanism (in particular, a 'call option', as appears to be the substance of Alinta's request) into its Template Access Contract.</p>
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	Clause 4.1(c) should be amended to impose a "reasonable" endeavours obligation.	<p>Horizon Power notes that:</p> <ul style="list-style-type: none"> • the obligation in clause 4.1(c) is to "endeavour, as a Reasonable and Prudent Person". This obligation

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
		not exceed the Contracted Capacity. This is outside the control of the User and is therefore unreasonable.		<p>already only requires the User to act as a Reasonable and Prudent Person; and</p> <ul style="list-style-type: none"> it is not clear the basis on which Alinta asserts this is outside of the control of the User (on the understanding that either the User, or its Controller, will have physical control of the relevant generator/load), <p>and as such, Horizon Power does not consider there to be any basis for Alinta's concern.</p>
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.	<p>Horizon Power notes that reimbursement:</p> <ul style="list-style-type: none"> will only occur where Horizon Power Pilbara Network determines (acting reasonably) that the User's Facilities and Equipment have impacted, are impacting, or are likely (at any time during the Term) to impact, the security of the Network, and that impact is not otherwise being resolved by the System Operator; and is only in respect of Horizon Power Pilbara Network's <i>reasonably incurred</i> costs in respect of establishing the Constraint Solution, <p>and as such, Horizon Power does not agree that this position is unreasonable (particularly given a Constraint Solution is specific to the User's Facilities and Equipment, and the specific Network security issues likely to arise from them).</p> <p>Horizon Power's intention is to proactively (and pre-emptively) manage potential issues of Network security (rather than waiting for a breach of the Technical Rules or the Access Contract). That said, Horizon Power will consider whether to make some amendments here.</p>

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
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.	<p>Horizon Power notes that clause 14.1 of the Template Access Contract imposes an obligation on Horizon Power to comply with Good Electricity Industry Practice when providing Services and performing its obligations under the Contract. That said, Horizon Power appreciates that, given the subject matter of clause 4.1(d)(1), Alinta (and likely other Users) would appreciate a clear limitation on the extent of curtailment, similar to that set out in clause 25.2(a) of the Template Access Contract.</p> <p>On this basis, Horizon Power proposes to make an amendment to its Template Access Contract to provide this clarity (albeit slightly differently to clause 25.2(a) given the curtailment by a Constraint Solution will be automatic and pre-contingent).</p>
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)	<p>This comment appears to suggest that Alinta considers the User may:</p> <ul style="list-style-type: none"> • make an application to Horizon Power Pilbara Network to change the Service in respect of a Connection Point; and • notwithstanding it has not yet had that change approved, operate under a different Service because it considers Horizon Power Pilbara Network has not processed the User's application in accordance with the procedures in the User Access Guide. <p>If this is Alinta's intention, the requested change is not accepted (or appropriate).</p> <p>The User must comply with the Eligibility Criteria for its Service, and is not entitled to change its Service unless</p>

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
				<p>that change is approved in accordance with clause 4.2 of the Access Contract. If Horizon Power Pilbara Network is in breach of its obligation under clause 4.2 of the Access Contract, then the User may pursue the remedies available to it under the Access Contract/the PNAC.</p>
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.	<p>Clause 4.8(a) provides that an "interconnection agreement" must be in place in order to enable Horizon Power to provide the Services at a Connection Point that is an Interconnector.</p> <p>In practice, clause 4.8(a) effectively operates as a dynamic condition to Horizon Power's provision of the Services. Where the Services are suspended under clause 4.8, Horizon Power Pilbara Network will not be liable, but likewise, the User will not be required to pay Charges. Horizon Power does not propose to make this amendment.</p> <p>That said, Horizon Power is continuing to consider the requirement for an interconnection agreement in light of the current iteration of the Pilbara Network Rules, and clause 4.8 may therefore be subject to further amendment.</p>
9	Exclusion of Liability for HPPN in Controller contracts (clause 8.1(c))	The obligation to require a Controller to agree to such a broad limitation of liability in favour of HPPN is unreasonable. 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.	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	<p>Clause 8.1 is, as a general comment, consistent with Controller provisions in the (regulator approved) network access contract for another Western Australian network. Notably, clause 8.1(c) specifically is consistent with that contract.</p> <p>The intention of clause 8.1 is to ensure that, in circumstances where there is a third party Controller of the User's Facilities and Equipment (ie, a Controller who</p>

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
			<p>a result of the Controller's fraud or wilful default.</p>	<p>has no contractual privity with Horizon Power Pilbara Network):</p> <ul style="list-style-type: none"> • that Controller is required to meet the standards of performance expected of the User under the Access Contract; and • Horizon Power Pilbara Network's exposure to that Controller (which only arises by virtue of the Access Contract with the User) is limited to the extent set out in the Access Contract. <p>Clause 8.1 (c) is intended to support this, by ensuring Horizon Power's liability to a third party Controller (generally) excludes Indirect Damage, and is (generally) capped. Horizon Power concedes that clause 8.1 (c) goes further than this, and notes that this was not intentional. Horizon Power proposes to amend clause 8.1 (c) to more closely align with the liability regime set up by the Access Contract as a whole.</p> <p>Finally, with respect to Alinta's comment that Horizon Power Pilbara Network "should be liable for damage caused except where the relevant statutory immunity applies", Horizon Power does not agree. The mere fact that Horizon Power Pilbara Network has the benefit of a statutory immunity in respect of the performance of certain (essential) network functions does not mean that in all other circumstances Horizon Power Pilbara Network should have uncapped liability for all damage (including Indirect Damage). Such a position would be entirely uncommercial.</p>
10	Where User is not the	For the reasons stated above in item 8, the User indemnity in clause 8.1 (f) is unreasonably broad.	Amend clause 8.1 (f) to limit the indemnity provided by the User to HPPN.	Horizon Power does not intend to amend the indemnity in clause 8.1 (f) of its Template Access Contract. The indemnity in clause 8.1 (f) simply supports the regime

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
	Controller (Clause 8.1 (f))	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.	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>which is established by clause 8.1 (b) (which regime, Alinta does not appear to have any objection to).</p> <p>In these circumstances, it is not clear what Alinta's particular concern is – provided clause 8.1 (b) is complied with by Alinta, the indemnity in 8.1 (f) will not be enlivened.</p> <p>To the extent Alinta's concern is in respect of:</p> <ul style="list-style-type: none"> the breadth of the definition of Controller, and what that might mean in the context of an Access Contract containing the Interconnector as a Connection Point; and the ability to comply with clause 8.1 (b) in those circumstances, <p>Horizon Power is continuing to consider whether an amendment to its Template Access Contract is required to limit the scope of the term 'Controller' in the context of the Interconnector.</p> <p>With respect to Alinta's comment regarding liability for loss where the statutory immunity does not apply, Horizon Power repeats its comment at item 9 above.</p> <p>Further, given the indemnity could respond to losses resulting from claims brought by third parties against Horizon Power Pilbara Network, the statutory immunity may potentially prevent such third party claims from being successfully brought against Horizon Power, and therefore reduce the likelihood of Horizon Power calling upon the indemnity.</p>
11	Cost of Operation and	Operation and maintenance of Metering Equipment should be at Horizon Power's	Amend clause 11.1 (b) to provide that HPPN at HPPN's	Horizon Power agrees that, pursuant to the requirements of the Metering Code, a network operator must, <i>unless</i>

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
	Maintenance of Metering Equipment (Clause 11.1(b))	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.	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.	<i>otherwise agreed</i> with a User, provide, install, operate and maintain a metering installation. Horizon Power is continuing to consider clause 11 in conjunction with the Metering Code in order to determine whether it will make the requested change.
12	Indemnity (Metering) (Clause 11.1(d))	For the reasons stated above in item 8, the User indemnity in clause 11.1(d) is unreasonably broad. 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.	Amend clause 11.1(d) to limit the indemnity provided by the User to HPPN. 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>Horizon Power does not intend to amend the indemnity in clause 11.1(d) of its Template Access Contract. The indemnity in clause 11.1(d) simply supports the obligation in clause 11.1(c) (which obligation, Alinta does not appear to have any objection to).</p> <p>In these circumstances, it is not clear what Alinta's particular concern is – provided clause 11.1(c) is complied with by Alinta, the indemnity in 11.1(d) will not be enlivened.</p> <p>With respect to Alinta's comment regarding liability for loss where the statutory immunity does not apply, Horizon Power repeats its comment at item 9 above.</p> <p>Further, given the indemnity could respond to losses resulting from claims brought by third parties against Horizon Power Pilbara Network, the statutory immunity may potentially prevent such third party claims from being successfully brought against Horizon Power, and</p>



Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
				therefore reduce the likelihood of Horizon Power calling upon the indemnity.
13	Provision of Security (Clause 12 and Schedule 8)	<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</p>	<p>Horizon Power responds to each of Alinta's requested amendments in turn:</p> <ol style="list-style-type: none"> Horizon Power will action the first requested amendment by replacing "(in its sole discretion)" in clause 12.1(a) with "(as a Reasonable and Prudent Person)". Horizon Power does not intend to amend the security amount from 6 months Charges to 3 months Charges (as requested in the second requested amendment). Horizon Power considers the quantum of security to be reasonable considering the anticipated value and term of Access Contracts. Horizon Power will action the third requested amendment by amending clause 12.1(b) to include the words "or an equivalent rating from an internationally recognised credit ratings agency which is acceptable to Horizon Power Pilbara Network (acting reasonably)." Horizon Power does not intend to make the fourth requested amendment, being the amendment to clause 12.5(b) to limit Horizon Power Pilbara Network's rights of recourse to the security following termination of the Access Contract to direct loss only. Horizon Power notes that, Horizon Power Pilbara Network's rights of recourse do not undermine the liability regime in the Access Contract. Horizon Power Pilbara Network will only be able to apply the proceeds of the security to losses in respect of which it is entitled to recover (ie, to the

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
			<p>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>extent Indirect Damage is excluded, Horizon Power Pilbara Network is unable to nevertheless recover in respect of Indirect Damage from the proceeds of the security).</p> <p>Horizon Power does not intend to make the fifth requested amendment to the parent company guarantee. The parent company guarantee in Schedule 8 is, in Horizon Power's view, generally accepted in Australia (in that it secures both payment and performance – not payment only).</p>
14	Indemnity (Network) (clause 15.2(d))	<p>For the reasons stated above in item 8, the User indemnity in clause 15.2(d) is unreasonably broad. 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 11.1(d) to limit the indemnity provided by the User to HPPN. 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>	<p>Horizon Power does not intend to amend this clause in its Template Access Contract. Horizon Power repeats its comments in respect of items 10 and 12 above (with appropriate amendment to refer to clause 15.2(d)).</p>
15	No other Warranty (clause 21.3)	<p>Clause 21.3 should be reciprocal.</p>	<p>Amend clause 31.3 so that it applies to both HPPN and the User.</p>	<p>It is not clear to Horizon Power why clause 21.3 of the Template Access Contract should be mutual in circumstances where Horizon Power Pilbara Network is the party providing the Services under the Access Contract (and the User's obligations are effectively limited to technical compliance and payment). Horizon</p>

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
				Power does not propose to amend its Template Access Contract in respect of this requested amendment.
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.	Horizon Power is willing to amend its Template Access Contract to reduce the Indemnifying Party's liability to the extent the Indemnified Party's Claim or Loss was caused by the negligence or fraud of the Indemnified Party. Horizon Power does not agree to extend this to 'Default'; Horizon Power considers that the present formulation is common.
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).	Horizon Power does not intend to make this requested amendment to its Template Access Contract. As between Horizon Power Pilbara Network and the User, the losses the subject of these indemnities are losses that the parties have agreed will be solely borne by the User. It is not appropriate that Horizon Power Pilbara Network should hold gap risk for any Indirect Damage in the circumstances (noting, given the nature of the indemnities and the definition of Indirect Damage, it is highly likely that the loss that the indemnities respond to would be characterised as Indirect Damage – and as such, deleting clause 22.3(b)(1)(C) would significantly undermine the benefit of the indemnities).
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.	Agreed. Horizon Power will amend its Template Access Contract accordingly.
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	The cure periods in clause 27.2 are consistent with corresponding cure periods in the (regulator approved)

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
			<p>cure period to 10 Business Days Clause 27.2(c) should be amended to 20 Business Days</p>	<p>network access contract for another Western Australian network. As such, Horizon Power considers them reflective of a position commonly accepted in the market, and does not intend to amend the cure periods for the purposes of its Template Access Contract.</p>
20	Insurances (clause 23)	<p>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 products insurance, the requirement to list HPPN as an insured is also onerous.</p>	<p>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 any public and products liability insurance to extend cover to HPPN within the policy definition of additional insured.</p>	<p>The insurance provisions in clause 23 are closely aligned to the provisions in the (regulator approved) network access contract for another Western Australian network. As such, Horizon Power considers them reflective of a position commonly accepted in the market.</p> <p>With respect to:</p> <ul style="list-style-type: none"> the first requested amendment, Horizon Power queries why the User requires Horizon Power Pilbara Network to have taken out public and products liability insurance, statutory workers compensation and motor vehicle and third-party property insurance; and the second requested amendment, this is not agreed. <p>That said, Horizon Power will test this with its insurance broker, and consider whether to amend its Template Access Contract accordingly.</p>
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. 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. In paragraph (b) insert after the words Insurance Act 1973 (Cth) "or to which Part 2 of the Insurance Regulations 2002 apply".</p>	<p>Schedule 5 is closely aligned to the provisions in the (regulator approved) network access contract for another Western Australian network. As such, Horizon Power considers it reflective of a position commonly accepted in the market. Additionally, in Horizon Power's own experience, the scope of the public and products liability insurance is fairly typical for an agreement of the type of the Access Contract.</p>

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
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	Agreed. Horizon Power will amend its Template Access Contract accordingly.
23	General Typographical and Formatting Errors	There are several formatting errors (double spaces) throughout the Agreement	Amend Agreement to remove formatting errors Clause 12.5(b) the word "under" before the words "this clause 12". Schedule 2, Part 2, Condition Precedent 4 amend "Contractor" to "Contract".	Noted. Horizon Power will amend its Template Access Contract accordingly.
Contributions Policy				
None	None	None	None	None
NWIS Planning Standards				
1	Section 3.1 - Probabilistic Risk Assessment	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. Alinta Energy considers that there would be value in providing additional information/transparency about this assessment.	Provide additional information on the approach taken for the Probabilistic Risk Assessment.	This is a process document. The specifics of the application of a probabilistic planning approach are, by the nature of probabilistic studies, specific to that study and would be provided in the report for that study.
Regulated Pilbara Network Overview				
1	Section 3	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	Amend appropriately to reflect: • that there is no wholesale electricity market; and	Noted, the document to be updated

Item	Reference	Alinta Comment / Issue	Alinta Recommendation	Horizon Power Response
		Independent System Operator". There is no wholesale electricity market in the NWS.	<ul style="list-style-type: none"> the function of the Pilbara ISO. 	
2	Section 4.1.1	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).	Update appropriately	Noted, the document to be updated



Appendix A – Amended Queuing Policy

KEY FEATURES	DETAIL	RATIONALE
Lock-in assumptions option available only for more complex, high-cost applications	Horizon Power will specify criteria that determine which applications are eligible to lock-in assumptions. The proposed eligibility criteria is that the application relates to a connection: <ul style="list-style-type: none"> • to the transmission network; OR • to the distribution network for 10MVA or above. 	Small and mid-sized applications should be processed relatively quickly and involve fewer and less expensive studies due to the less onerous technical requirements. The Technical Rules contain additional requirements for transmission connections and connections above 10MVA, which introduce additional complexity into connection assessment processes.
Preliminary assessment	Horizon Power’s connection assessment process has an initial preliminary assessment phase, during which Horizon Power will assess the ability of the shared network to provide the service required. This will identify which shared assets are overloaded and the extent of the overloading based on: <ul style="list-style-type: none"> • defined contingency events; and • a forecast of network demand reflecting: <ul style="list-style-type: none"> ○ the customer’s required capacity; ○ annual growth of smaller loads, ○ currently contracted discrete loads; and ○ demand relating to any applications that have “lock-in assumptions” in accordance with the queuing policy. 	The preliminary assessment can be completed quicker than the full connection assessment and will be sufficient to support an informed lock-in assumption process.
Applicant receives preliminary assessment study report	Based on the preliminary assessment, Horizon Power will provide the applicant with a preliminary assessment report that documents the input assumptions and the findings in terms of	The applicant can then evaluate the preferred option and whether the existing network conditions are sufficiently favourable that preserving these input assumptions justifies paying a deposit.



KEY FEATURES	DETAIL	RATIONALE
	shared assets overloading. The preliminary assessment report may include multiple scenarios/options with \pm 50% cost estimate.	
A deposit based on expected access charges	Horizon Power will calculate the access charges payable over a prescribed period of service (proposed to be 18 months). This calculation will be based on the maximum CMD/DSOC nominated in the application, the equivalent exit service network tariff (Horizon Power does not currently charge for entry services) and the prescribed period of service. This figure will be the deposit amount.	The deposit should reflect the opportunity cost of setting capacity aside and potentially delaying alternative projects. A significant deposit ensures a meaningful test of the applicant's commitment to proceed.
Deposit amount capped	The maximum deposit amount Horizon Power will charge is \$5 million.	Based on current standard tariffs the proposed cap would be reached: <ul style="list-style-type: none"> • for a Distribution HV application, by any project above 11.5MVA; and • for a Transmission application, by any project above 55MVA.
Deposit payment optional	<p>An applicant will become eligible to be offered the deposit amount to lock-in the demand assumptions once:</p> <ul style="list-style-type: none"> • the preliminary assessment study is complete; • the applicant has selected their desired option for connection; and • a dynamic model of their connecting facilities has been provided. <p>The applicant can request the deposit option at any time in their application process after these milestones have been reached.</p> <p>Locking in the demand assumptions does not necessarily imply that the shared network has, at that time, sufficient capacity (i.e.</p>	<p>By providing the deposit mechanism, Horizon Power can assist applicants with complex projects to manage some of their project uncertainties. By making the deposit optional, Horizon Power will avoid establishing an excessive barrier to making a connection application.</p> <p>With the timing of the deposit option also being flexible, applicants can make their own assessments as to when the cost of committing to a connection solution outweighs the risk of needing to fund (or have schedules impacted) by potential reworks.</p>

KEY FEATURES	DETAIL	RATIONALE
	<p>using existing shared network assets) to accommodate the applicant’s requirements. The ultimate connection solution may still include upgrades to the shared network. However, by paying the deposit, the applicant will avoid being “gazumped” by a competing applicant for the existing spare capacity and hence the extent of network upgrades required may be lower.</p> <p>To clarify, “existing spare capacity” means the capacity in the shared network that is expected to be in service by the specific date the applicant seeks to be connected. This implies the inclusion of discrete upgrade projects not yet completed that have been approved and scheduled however it excludes uncommitted new network development projects.</p>	
<p>ISO decisions won’t impact refundable portion of deposit</p>	<p>Should an applicant pay the deposit and the ISO later imposes additional requirements on the connection, causing the connection solution to no longer be viable, the non-refundable portion of the deposit will be no different than if the applicant had voluntarily withdrawn their application.</p>	<p>Horizon Power may choose to revise the eligibility requirements for the deposit option to include ISO approval of the proposed solution. This requirement will be reviewed once the ISO is fully established and their role in the connection process is clear. Until this time, proceeding with the deposit mechanism in the absence of ISO approval will be at the discretion of the applicant. Should the applicant elect to pay the deposit prior to receiving ISO approval then they have also elected to accept the risk of possible unfavourable ISO determinations.</p>
<p>Without deposit, lock-in assumptions on connection agreement</p>	<p>All studies are performed on the same base case network model which reflects the most up-to-date demand forecasts including any committed/connected loads and generators. When a new commitment is made, the base case model is updated to include</p>	<p>Applicants that do not lock-in assumptions have not demonstrated any special commitment to proceed. This design element will maintain beneficial incentives for these applicants to support a timely and efficient</p>



KEY FEATURES	DETAIL	RATIONALE
	<p>any new committed/connected loads or generation. Any studies performed on the original base case model (without locked-in assumptions) need to be reviewed for conflicts. Where an applicant has declined to pay the deposit, the applicant bears the risk that some studies may need to be repeated (if subsequent new committed/connected loads or generation impact shared network assets), involving additional cost and delay. Horizon Power will take all reasonable measures to minimise the cost and delay associated with these changes.</p>	<p>process and the disruption of other competing applicants should be minimised.</p>
<p>Applicant must provide dynamic model at or before time of deposit</p>	<p>Lock-in assumptions means locking-in the inputs:</p> <ul style="list-style-type: none"> • noted in the preliminary assessment report; and • dynamic studies based on the loads and generation connected or committed at that time. <p>To lock-in assumptions, the applicant must provide a workable and reasonable dynamic model of its project (based on the best information available at the time) at or before the time of deposit. The dynamic model will be included in Horizon Power's base case model for assessment of subsequent applications.</p>	<p>Providing dynamic models will allow dynamic studies for other applications to take the deposit-paying applicant's project into account. In turn allowing Horizon Power to appropriately allocate the cost of mitigating system or network interactions between the projects. Horizon Power anticipates, particularly in the case of loads, that the dynamic model originally specified by the applicant should be sufficiently accurate in most cases to allow dynamic studies for other applications to adequately capture interactions with the deposit-paying applicant's project.</p>
<p>Reservation time-limited</p>	<p>With a deposit, Horizon Power will lock-in assumptions for up to a defined maximum period – being 18 months – subject to the application proceeding in accordance with a published connection application process. By agreement between Horizon Power and the applicant, the reservation period could be extended for some defined maximum period – for instance, for a</p>	<p>Assumptions should not be locked-in indefinitely, but a reasonably generous reservation period should be allowed in view of the fact that the applicant is risking deposit forfeiture and hence is likely to be progressing the application in good faith.</p>

KEY FEATURES	DETAIL	RATIONALE
	<p>further 6 months – to accommodate applications that take an unusually long time yet continue to progress in good faith. Access charges will be payable to Horizon Power during this extension period.</p>	
<p>Forfeited deposits to benefit concurrent applicants and tariff customers</p>	<p>To the extent that deposits are forfeited by applicants, Horizon Power is investigating applying this money in the first instance to fund any repeat studies that arise for concurrent applications that are required as a result of the deposit paying applicant not proceeding (including withdrawing their application) and the intended solution being removed from the base case model.</p> <p>Should any funds remain after the triggered studies have been completed, this is intended to be applied to the benefit of existing network Users. Horizon Power is investigating how this can be applied in accordance with the PNAC.</p>	<p>The deposit mechanism is intended as a measure to enhance process efficiency not a potential source of profit for Horizon Power.</p> <p>Further, by allowing the benefit of forfeited deposits flows to customers, any deposit paid by Horizon Power Retail will be at risk of forfeiture by Horizon Power’s business as a whole, rather than representing an internal financial transfer. Horizon Power considers that its internal accounting controls means such an internal transfer would still impose a discipline on the retail business but recognises that the approach proposed here would provide additional assurance to external observers.</p>
<p>Treatment of the deposit where connection agreement executed</p>	<p>Where an application proceeds to completion, the deposit will be superseded by any financial guarantees or security specified in the connection agreement. Horizon Power will either refund the deposit in full or apply the deposit (or part thereof) to meet any security requirements specified in the connection agreement, with any amount left over to be refunded to the applicant.</p>	<p>Following connection, the deposit has served its purpose.</p>
<p>Deposit partially refundable where applicants withdraw</p>	<p>Horizon Power will provide partial refunds to applicants who pay the deposit but subsequently withdraw their application. The refundable amount will be determined by the following formula:</p>	<p>Provision for a partial refund will provide an incentive for the applicant to continuously reassess its commitment to proceed and to actively withdraw before the procedural limits are reached. The 2/3 term in the</p>

KEY FEATURES	DETAIL	RATIONALE
	<p>For X > 548 days (i.e. 18 months): $R = 0,$</p> <p>For X < 548 days: $R = D \frac{2}{3} \left(1 - \frac{X}{548}\right)$</p> <p>Where: R = the refundable amount D = the original deposit amount X = the time elapsed between the date withdrawal is notified and the date of reservation.</p>	<p>refundable amount formula reflects the intention to make some proportion of the deposit non-refundable even if the application is withdrawn shortly after the deposit is paid. The intention is to increase the cost of engaging in undesirable strategic behaviour.</p>
<p>Deposit does not fund studies</p>	<p>The deposit is separate to and does not fund studies payable by the applicant. The money provided to fund studies represents a fee for a specific non-covered service.</p> <p>The deposit contemplated by this queuing policy can be thought of as security, demonstrating the applicant's high level of commitment, for which the applicant receives in return a higher level of confidence regarding the basis on which access will be provided. Its treatment is dependent on the applicant rather than on Horizon Power.</p>	<p>Keeping the deposit separate from the moneys provided to fund studies reinforces the distinct function of each mechanism.</p>
<p>Applicants can request higher competing demand assumptions</p>	<p>An applicant that declines to pay a deposit has the option to request that Horizon Power adopt higher demand assumptions (e.g. assume competing application(s) proceeding) than Horizon Power's demand forecasting policy requires. For instance, where an applicant has, independently of Horizon Power, formed the view that another uncommitted project is likely to proceed prior</p>	<p>This option provides applicants with a means of using their own market intelligence to guard against the cost and delay involved in repeating studies.</p>

KEY FEATURES	DETAIL	RATIONALE
	<p>to the applicant’s project, the applicant may prefer Horizon Power to include the associated demand in its connection studies for the applicant.</p>	
<p>Information sharing and confidentiality</p>	<p>Horizon Power, at the request of the applicant, can perform a concurrent application conflict assessment to identify combinations of applications that (if they ended up proceeding) will impact the validity of studies currently being performed. In conveying the outcome of this study, Horizon Power will not include identifying information about other applications.</p> <p>Where Horizon Power considers that two applicants might benefit from a shared solution, it may recommend that the parties enter discussions, but will only provide identifying information about each party with each party’s written consent.</p> <p>Horizon Power is also currently considering requiring applicants to agree to share limited information about their application with other potential applicants as part of the application submission process (see item 32 in Section 5 (Horizon Power’s Draft Decision)). Such information is intended to assist the decision-making process of applicants when deciding when to lock-in their study assumptions.</p>	<p>Some applicants will be commercial competitors and hence may wish to minimise the disclosure of information regarding their projects. Horizon Power considers that it has an obligation to provide basic information to applicants about the existence of potentially competing applications since this helps an applicant decide whether to pay a deposit and assess the need for quick action (noting the PNAC prescribed timeframe).</p>
<p>Application register</p>	<p>Horizon Power will maintain a confidential register of connection applications recording the capacity sought, connection location and other relevant technical details. Horizon Power’s demand</p>	<p>A register is necessary to track applications and quickly identify changes to project status. Horizon Power already maintains a confidential project register for this purpose.</p>



KEY FEATURES	DETAIL	RATIONALE
	forecasting policy will require Horizon Power to maintain internal processes to ensure the register is kept up-to-date and that new connections (either contracted or with “locked-in assumptions”) are reflected in demand forecasts in a manner consistent with this queuing policy.	



Appendix B – Increased Transparency in Application Process

To assist an applicant's decision making throughout the connection process, Horizon Power proposes to provide applicants with additional **limited** transparency of other concurrent applications (within the bounds of confidentiality). Horizon Power notes that the definition of 'confidential information' under the PNAC is extremely wide. Complying with the pre-disclosure process detailed in section 165 of the PNAC prior to releasing information from every applicant will not lead to an efficient application process nor is it considered feasible within the PNAC prescribed time limits imposed on covered networks for issuing access offers.

To work within these limitations, Horizon Power proposes to amend the user access guide (and any other applicable documentation) to state that, by submitting an application, the applicant agrees for certain limited information to be shared with other applicants in order to increase transparency in the overall process. Horizon Power considers the following information to be of value to concurrent applicants but not sufficiently detailed to negatively impact the commercial opportunities of the connecting parties. Horizon Power would value any feedback on the following proposed list to be shared with other applicants:

- Number of other concurrent applications on Horizon Power's Pilbara Coastal Network;
- Location of connection which will be limited to either East Pilbara or West Pilbara;
- Connection point type (entry, exit or bi-directional point);
- Cumulative magnitude of other concurrent applications by location (MVA); and
- Types of connection (transmission and/or distribution).

In addition to the above, Horizon Power can, at the applicant's request and cost, perform a study to determine whether any concurrent applications have the potential to impact the underlying assumptions of a particular application (i.e. if they are both competing for the same available network capacity in the form of shared network assets)(**concurrent study**).

This transparency is expected to assist applicants make more informed decisions on the following:

- Whether they should commit to the connection via an access contract and/or connection works contract earlier in the process if they believe they are at a greater risk, based on the concurrent study, of needing to fund extensive rework due to competing application(s).
 - Whether they should pay a non-refundable deposit (should such a queuing mechanism be adopted by HP)
 - Whether to mitigate schedule impacts by funding additional parallel studies assuming certain competing applications have proceeded.
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- A decorative graphic at the bottom of the page showing a stylized landscape with a red horizon line and dark blue mountains.

Horizon Power considers it important for connecting parties to note that the additional transparency does not mitigate the risk of an applicant needing to repeat studies. Concurrent studies only assess those competing applicants at that point in time that the applicants select to be included in the concurrent study. Increased transparency simply enables the applicant to make more informed decisions around the timing of their own processes and the point in time they wish to provide firm commitment to the network for their connection.

