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Dear Energy Policy WA

SUBMISSION – IMPLEMENTATION PLAN FOR THE EVOLUTION OF THE PILBARA NETWORK RULES AND THE PILBARA ELECTRICITY ACCESS REGIME

Woodside welcomes the opportunity to comment on the Draft Implementation Plan for the Evolution of the Pilbara Network Rules (PNR) and the Draft Implementation Plan for the Evolution of the Pilbara Electricity Access Regime (PNAC) published by Energy Policy WA (EPWA) in October 2025 (Draft Implementation Plans).

Woodside supports the ongoing evolution of the PNR, PNAC and associated frameworks, particularly the goal to modernise them to support decarbonisation of the Pilbara electricity system, attract private investment and ensure fair access to infrastructure within a reasonable timeframe. We appreciate EPWA's efforts to sequence reform activities and provide clarity on timing, dependencies, and key triggers. Woodside recognises that there is still significant detail to be developed (both for each regime, but also for the interdependencies between PNAC, PNR and various proposals), which is subject to a short timeframe. On this basis, Woodside continues to reserve its final position on many matters until relevant legislative, PNR and PNAC amendments are available for consultation.

This submission builds on our previous responses to EPWA's Evolution of the Pilbara Electricity Access Regime Consultation Paper (PNAC Consultation Paper) and Evolution of the Pilbara Network Rules Consultation Paper (PNR Consultation Paper) dated 4 February 2025. We have reiterated key points from these responses where relevant and provided targeted feedback on the Draft Implementation Plans.

General Observations

We note that many design elements remain under development, with several key design periods scheduled for finalisation in Q4 2025. We encourage EPWA to ensure that these processes are transparent and inclusive, allowing sufficient opportunity for stakeholder input and consideration of that input by EPWA. Woodside is willing to join the access evolution working group to assist the development process.

Woodside is supportive of an expedited process for the design, development and implementation of the proposed rule changes to ensure certainty of the legislative framework. However, Woodside requests clarity on how the proposed changes will evolve alongside, and interact with, previous rule changes, in particular rule change PRC_2022_01 Integrated LNG Systems. The proposed rule changes appear to contemplate varying potential connection applicants' requirements and circumstances. The integrated Liquefied Natural Gas (LNG) Systems aspects of the rules address key operational and regulatory features of LNG facilities as small, self-sufficient and self-contained distribution networks which are capable of disconnecting from the grid. Woodside seeks confirmation that the matters addressed in this rule change, which were developed over a significant period and with detailed consultation, will be accommodated and respected by any new proposed rule changes.

The current level of detail in the Draft Implementation Plans and the proposed schedule for key design milestones, still leaves uncertainty for proponents seeking to make imminent investment decisions that relate to or rely on the development of transmission solutions within the government's priority transmission corridor

initiative. Woodside recommends EPWA provide early guidance on critical areas such as exemptions from automatic coverage, recognition of previous rule changes, Harmonised Technical Rules (HTR), user rights, Essential System Services (ESS) framework, cost recovery and Independent System Operator (ISO) fee structures.

Specific Comments on Implementation Items

PNR

3.1 ISO Board (Actions 1, 2)

- Woodside supports the proposed ISO governance structure, including the appointment of three independent directors and two industry-nominated directors. The proposal aligns with our previous position.

3.2 Harmonised Technical Rules (HTR) (Actions 3, 9, 25, 46, 51)

- Woodside supports the establishment of a default standard for automatic compliance and a minimum standard for connection.
- However, we request urgent clarification as to what technical requirements will constitute the "default standard", and in the medium term what will determine the "minimum standard" (Action 46 and section 3.20). Further information is required as to how it will be applied in practice, including the process for negotiation and dispute resolution where equipment falls between the default and minimum standards.

3.3/3.4 ESS Framework and Cost Recovery (Actions 5, 6, 12, 14, 24, 26)

- Woodside strongly supports the proposed approach to ESS framework cost recovery, consistent with the 'causer pays' principle, and welcomes the expedited timing (Action 6).
- We request early guidance for the design for ESS cost recovery (Action 12) as it applies to foundation users operating within the priority transmission corridors. This should include the methodology for calculating generator capacity, the treatment of behind-the-meter facilities and more detail on the methodology for Regulation Services
- Woodside supports the ability for facilities to be exempted from Contingency Reserve Raise costs where a trip would be automatically offset by load curtailment. Woodside submits that this should apply, regardless of where the facility and the load are located. To achieve this in practice, the physical proximity of the facility and load should be part of the methodology to develop the framework for ESS services and cost recovery.

3.6 Storage Participation (Actions 8, 28, 34)

- Woodside supports the inclusion of storage in the PNR framework and the creation of the "Energy Producing System" classification.
- Woodside supports that only Controllers of storage works above 5MW which are directly connected to the North West Interconnected System (NWIS) should be required to be registered, as highlighted in our previous submissions.

3.7 Long-Term Planning (Actions 10, 36, 40, 56)

- Woodside supports the ISO's role in preparing the Pilbara System Plan and the Coordinator's role in the Integrated System Plan. We are supportive of the registration of facilities, provided that behind-the-meter facilities are not required to be registered.
- We reiterate our concern regarding the scope of data collection from parties not yet connected to the NWIS. Information requests should be limited to proposed connection opportunities, not detailed technical data.

3.8 ISO Functions (Actions 11, 54)

- Woodside supports the expansion of ISO functions but recommends that the transition be guided by clear, pre-approved triggers linked to network growth and investment decisions.

3.9 Network Reliability Standard (Actions 13, 23)

- Woodside seeks clarity on how the n-1 standard will be applied, particularly in cases where, for example, there is only one user on a transmission line, and it does not require redundancy. How associated costs are to be dealt with amongst existing connecting parties is not yet clear. Decisions on redundancy should follow user pays principles, with a cost allocation methodology ensuring that only those parties requiring higher reliability bear the associated costs.

3.10 Outage Planning (Actions 15, 16, 17, 33)

- Woodside reiterates its position from our previous submissions that the outage planning regime should not apply to the integrated LNG networks that connect to the NWIS in the manner contemplated by rule change *PRC_2022_01 Integrated LNG Systems*. The current proposal appears to seek to change this recently approved rule change.
- We request that the exemption for integrated LNG networks that may wish to connect to the NWIS be maintained, consistent with the rationale for rule change *PRC_2022_01*.

3.11 ISO Fees (Actions 18, 20)

- Woodside supports the proposed gross injection/withdrawal basis for ISO fee recovery, provided behind-the-meter consumption is excluded.
- We request further detail on the calculation methodology for determination of fees. At the outset, a clear definition is required as to what is captured by the NWIS for the purposes of determining 'gross injection and withdrawal volumes into and out of the NWIS'.

3.12 Information Management (Actions 19, 22)

- Woodside reiterates that access applications and related data should be treated as confidential, particularly given the vertically integrated nature of some Network Service Providers (NSP). We reiterate our position from our previous submissions, that while terms, conditions and prices in bilateral contracts are explicitly confidential, there is additional commercially sensitive information that may be at risk of exposure to other third parties due to vertical integration.
- The information management framework must provide robust protection for commercially sensitive information.

3.15 ISO Budget (Action 30)

- Woodside supports Economic Regulation Authority oversight of the ISO budget and recommends that approvals be granted for five-year periods to provide cost certainty for participants.

3.17 Foundation Transmission Customers (Actions 39, 41)

- Woodside supports prioritising generation owned by foundation customers during network constraints. However, we request further detail on how this will be operationalised in practice, and in future when more sophisticated balancing arrangements are introduced and all generators will be subject to constrained dispatch.

3.18 System Strength (Actions 44, 48)

- Woodside supports the shared responsibility model between ISO and NSPs but reiterates that Foundation Users should not be required to fund system strength (or take on any associated risk) beyond what is necessary for their own connection needs.

3.19 Self-Contained Networks (Actions 4, 45, 49)

- Woodside supports the proposed treatment but requests further detail on the scope and cost of data provision requirements for self-contained networks.

3.21 Demand Side Participation (Actions 43, 50, 74, 75)

- Woodside supports early implementation and recommends that the threshold be lowered to 50 MW of flexible load, given the benefits for ESS provision and network efficiency.

PNAC

2.1 Proposal – Coverage (Implementation of which networks to regulate) and form of regulation implementation of how they are regulated)

- Woodside generally supports automatic coverage for all new large scale transmission network infrastructure and that the status quo remains for uncovered networks and distribution (adopting the commonly accepted definition of distribution systems, being infrastructure used, or to be used for, or in connection with, the transportation of electricity at nominal voltages of lower than 66kV).
- Woodside also supports exemption of automatic coverage for connection assets. However, Woodside submits that the first criteria for exemption “connection assets owned and operated by someone other than the host NSP” places a significant prejudice on foundation users. It is not uncommon that the NSP associated with a common-use transmission line will also own and operate the connection assets. Users generally have no knowledge or experience in operating and maintaining transmission lines and therefore seek the local NSP to undertake construction and operation and maintenance of connection assets.

5.2 Proposal 10 – Managing user rights (including foundation user rights) which hinder access by others

- Woodside does not support the proposal contained in 10.1, to amend the PNAC to allow the power for the ISO, ERA or arbitrator to disregard any contractual right if it hinders access or is in some way contrary to part of the Pilbara Electricity Objective. It is not clear how this will be determined in an equitable way in practice. Currently, the Draft Implementation Plan for the PNAC suggests that the pre-approval for these provisions to address any risk of bespoke clauses being challenged or rendered ineffective when making an investment decision, is only available to NSPs (Proposal 6, section 4.1).
- While we recognise the importance of promoting efficient access, the risk of undermining investment certainty for foundation users who have underwritten transmission infrastructure and capacity through long-term contractual commitments far outweighs any potential benefits of granting such broad powers. These contracts can vary from the 'template' access contract on issues such as network access, constraints, maintenance, options to extend terms, and responses to supply interruptions.
- Foundation users (specifically within priority corridors) take significant risks in the development of a new transmission line, whereby the arrangement with the NSP is effectively a long term "take-or-pay" to underwrite, and essentially ensure, development of transmission line. In some cases, without the foundation user's commitment it may not be possible to develop new transmission lines (particularly where the development of this infrastructure is dependent on these commitments exceeding the foundation user's initial capacity requirements).
- In order to protect against this long-term risk, a foundation user typically negotiates specific rights to receive an equitable cost recovery contribution from future users in the event those future users benefit from access to common user transmission infrastructure. Future user development is essentially underpinned by foundation user's making commitments in excess of their initial capacity requirements in line with regulatory frameworks.
- Woodside suggests that an adequate regulatory framework is put in place to support cost recovery for foundation transmission users to ensure fairness and incentivise early investment. There are several examples housed under the National Electricity Law and National Electricity Rules, one being AEMO's cost allocation policy for Victorian terminal stations – negotiated transmission services, designed to ensure equitable allocation of negotiated transmission service costs between connection applications connecting to common terminal stations.
- In recognition of the risk taken on in the development of new transmission, Woodside seeks that contractual rights for foundation users be exempt from regulatory review for the term of their access contract with an NSP.
- This approach is consistent with Proposal 12 – A transition fixed principles mechanism. This permits certain principles contained in a contract between the State Government and an NSP to be binding. It also aligns with broader regulatory principles of fairness, transparency, and investment certainty.

Conclusion

Woodside remains committed to supporting the evolution of the Pilbara electricity framework. We appreciate the opportunity to provide feedback and look forward to continued engagement with EPWA and the Industry Liaison Committee and the PAC Working Group. We recommend EPWA to provide early guidance on key areas of uncertainty and to ensure that the final rules provide the clarity and certainty required for continued investment in the Pilbara.

Should you require further detail or clarification on any of the points raised, please contact Natalee Connor.

Yours sincerely

Kate Bardill

Acting Vice President Pluto and Scarborough