

# Application for exemption from certain requirements of the Technical Rules submitted by Western Power

Newmont Mining Services Contract Maximum Demand  
Increase

Issues Paper

July 2015

Economic Regulation Authority

WESTERN AUSTRALIA

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## Invitation to make submissions

Interested parties are invited to make submissions on the Authority's issues paper by **4:00 pm (WST) Tuesday, 11 August 2015** via:

Email address: [publicsubmissions@erawa.com.au](mailto:publicsubmissions@erawa.com.au)

Postal address: PO Box 8469, PERTH BC WA 6849

Office address: Level 4, Albert Facey House, 469 Wellington Street, Perth WA 6000

Fax: 61 8 6557 7999

### CONFIDENTIALITY

In general, all submissions from interested parties will be treated as being in the public domain and placed on the Authority's website. Where an interested party wishes to make a submission in confidence, it should clearly indicate the parts of the submission for which confidentiality is claimed, and specify in reasonable detail the basis for the claim. Any claim of confidentiality will be considered in accordance with the provisions of *Electricity Networks Access Code 2004*, sections 14.12 to 14.15.

The publication of a submission on the Authority's website shall not be taken as indicating that the Authority has knowledge either actual or constructive of the contents of a particular submission and, in particular, whether the submission in whole or part contains information of a confidential nature and no duty of confidence will arise for the Authority.

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## Introduction

1. Western Power has submitted an application to the Authority for exemption from compliance with clause 2.5.2.2 (requirement to base reliably on an N-1 criterion<sup>1</sup>) of the Technical Rules to enable Western Power to provide an increased supply capacity requested by Newmont Mining Services Pty Ltd (**Newmont**) in the Eastern Goldfields region. The application is made under section 12.40 of the *Electricity Networks Access Code 2004* (**Access Code**).

## Exemptions from Technical Rules

2. Technical Rules consist of the standards, procedures and planning criteria governing the construction and operation of an electricity network and are required under the Access Code for all covered networks. The Authority first approved and published Western Power's Technical Rules on 26 April 2007 which became effective from 1 July 2007. Revisions to the Technical Rules were approved by the Authority on 10 November 2011 and took effect from 23 December 2011.
3. Under section 12.40 of the Access Code a service provider may apply to the Authority for an exemption from one or more requirements of its technical rules which apply to the service provider and all applicants, users and controllers of the covered network.
4. Section 12.41 of the Access Code requires the Authority to determine an application as soon as practicable as a reasonable and prudent person on reasonable technical and operational grounds and having regard to the effect the proposed exemption will have on the service provider and users of the network and any interconnected network. The Authority must grant the exemption if it determines that in all the circumstances, the disadvantages of requiring compliance with the Technical Rules are likely to exceed the advantages.
5. Under section 12.43, an exemption:
  - may be granted for a specified period or indefinitely;
  - may be subject to any reasonable conditions the service provider considers fit, in which case the network persons must comply with the conditions, or may be unconditional; and
  - may be varied or revoked by the service provider after reasonable notice to the network persons.
6. Under section 12.46, the Authority may consult the public in accordance with Appendix 7 of the Access Code. Section 12.44 requires the Authority to notify the service provider of its determination within 45 business days of receiving the application, if it has consulted with the public, and 25 business days if it has not.
7. Under section 12.42, the Authority may refer a service provider's request to a technical rules committee established by the Authority and request its advice on the application. If it seeks advice from the technical rules committee then, subject to

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<sup>1</sup> Terminology such as "N-1" is commonly used for describing the level of security of the Transmission system. N-1 requires supply to be maintained and load shedding avoided if one transmission element, such as a transmission line or transformer, is out of service, irrespective of generation schedules.

complying with the specified time limits, the Authority must have regard to that advice in making its determination.

8. Section 12.47 of the Access Code requires the Authority to publish a notice giving details of any exemption.

## Western Power's Application

9. Western Power submitted an application for an exemption to the Authority on 3 July 2015.
10. The application is for a temporary exemption from compliance with clause 2.5.2.2 of the Technical Rules (requirement to base reliably on an N-1 criterion) to enable Western Power to provide an increased supply capacity requested by Newmont in the Eastern Goldfields region. The exemption will apply until an economically feasible permanent technical solution can be implemented to provide the customer's supply, or unless otherwise revoked under the provisions of the Code.
11. At present, Newmont has a contract maximum demand (CMD) from the Western Power network of 13 MW. Newmont has requested to increase its CMD to 45 MW; however, there is insufficient overall capacity on the Western Power Eastern Goldfields network to meet Newmont's request.
12. Although the present network supply arrangement for the Eastern Goldfields results in significant periods of time where spare transfer capacity exists, it is unable to be utilised due to the requirement to reserve transfer capacity to cater for unforeseeable N-1 contingencies.
13. Clause 2.5.2.2 of the Technical Rules requires that Western Power build and operate the transmission system in the SWIN to meet the N-1 planning criteria. The aim of meeting N-1 requirements is to maintain supply and avoid load shedding if one transmission element is out of service, irrespective of generation schedules.
14. Western Power's exemption application seeks to enable restricted access to this transfer capacity with an automated inter-tripping system that will revert to the N-1 compliant situation only if such a contingent event occurs.

## Matters to be considered

15. In considering whether to approve Western Power's application for exemption from certain aspects of the Technical Rules, the Authority must, having regard to the effect the proposed exemption will have on the service provider and users of the network and any interconnected network, grant the exemption if it determines that in all the circumstances, the disadvantages of requiring compliance with the Technical Rules are likely to exceed the advantages.
16. Western Power has advised that it is currently investigating various network augmentation options. In addition, non-network solutions that might provide additional supply capacity to meet the requirements of Eastern Goldfield load applicants through a competing application group (CAG) solution are also being considered.

17. Newmont's connection application is presently being processed as part of an Eastern Goldfields CAG, which seeks to provide additional supply capacity for Newmont and other CAG applicants. The expected timing of a CAG solution is not until sometime in 2018.
18. Between 2009 and 2013, Newmont operated at a demand of up to 45 MW during overnight periods on a trial basis, and subject to the Western Power network equipment status. As a result of a possible CAG solution not being available until at least 2018, Western Power, at Newmont's request, explored opportunities for an interim arrangement until a CAG solution comes into effect.
19. Western Power notes in its application that other members of the Eastern Goldfields CAG would not be impacted by Newmont's connection. If another member seeks a similar interim arrangement, Western Power would assess their suitability on a case-by-case basis and potentially offer similar arrangements, subject to the same criteria, if the customer chooses to connect earlier.
20. Western Power has prepared a risk impact assessment on the issues and potential network outcomes associated with this application. The granting of this exemption is not expected to increase the safety or supply reliability risks which are both assessed as having a low risk.
21. Western Power has asserted that the changes to the network and other user risks due to this connection are assessed as minimal. Newmont is the only customer that would be impacted by an outage of either of the power transformers at the West Kalgoorlie terminal.

Submissions are invited from interested parties on Western Power's application, in particular regarding:

- Whether there are any reasonable alternative options which would be compliant with the Technical Rules;
- Whether the proposed exemption will materially impact on other users or on the CAG solution; and
- Whether the proposed exemption will materially impact the safety and reliability of the Western Power network.