

21st December 2023

To James Campbell-Everden
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Dear Mr Campbell-Everden,

Horizon Power's Submission: Pilbara ISOC Co Mid-year Budget review 2023-24

Thank you very much for the opportunity to provide our feedback regarding the ISO's mid-year budget review. Regrettably, we note that the timing of this consultation which clashes with Horizon Power's (HP) Christmas shutdown period, does not enable us to provide as fulsome review as we would have preferred.

HP's high-level response is that the budget figures presented do not align with expectations. HP does not have visibility of the effort involved with the BAU nature of the ISO and hence is limited in providing detailed responses to the appropriateness of cost associated with operating under this phase of operations. However, stakeholders were under the impression that the costs associated with the ISO would decrease following completion of the PNR transition period. HP understands that there was a requirement for one off establishment costs associated with this transition period. It is unclear to HP why an associated cost decrease in external provider support has not accompanied the increase in budget sought for the additional resources to reflect the end of this higher cost establishment phase. Clarity on the cost delta between the establishment phase and the BAU phase would be greatly appreciated.

Additional commentary on the ISO paper can be found below.

Regulatory and Technical ISO labour costs

The request of an additional 4 new permanent employees does not seem to have been consulted on in the June budget consultation. There was no information outlined in the June consultation of the initial FY23-24 budget.

HP is seeking additional clarification regarding the detailed roles and responsibilities of the proposed new employees, particularly when compared to the existing headcount of the ISO. The information provided in the review is currently at a high level, and HP aims to gain a more comprehensive understanding. While HP acknowledges the importance for the ISO to be adequately supported in fulfilling its roles and responsibilities under the PNR, there is a need to balance this with a mindful approach to the costs that is being passed on to the end users.

- 1x Senior Engineer (5-10 year)
 - HTR exemption requests that are submitted to the ISO by NSPs should include the provisions of reasons, studies, and justification for said exemptions. As such, the onus of justification for each exemption lies with the applicant and the only burden on the ISO is to review all documents provided to ensure that there are adverse effects on other participants. The task of reviewing these documents relating to HTR

and PNR exemptions should fall under the Principal Technical and Regulatory Lead's roles and key tasks.

- If some key tasks are relating to management of the NWIS PowerFactory Model, does the ISO still intend to use external consultants for the purposes of any works relating to the NWIS Model?
 - For key tasks that are performed by external consultants, there should be an offset i.e., reduction in terms of contractor costs.
- 1x Regulatory and Business Support Officer
 - HP queries the duration of this role as it is not specified.
 - As some of the key tasks relate to providing support on procedure changes, HP questions the need for this as most if not all the Interim Procedures have been consulted on and should be finalised soon.
 - As the ISO is a Rules participant, rather than an owner of a regulatory instrument, HP queries the need for an additional dedicated regulatory staff. All ISO team members should be well versed in the requirements of the PNR and the HTR. HP appreciates there are other regulatory instruments that need to be considered in the ISO's role from time to time, however HP would have expected the workload associated with these other instruments well within the capacity of the existing full time regulatory staff, especially if the ISO outsources specific compliance queries to external providers (such as legal).

Technical Investigations and review

HP would welcome further clarity on the scope of Technical Investigations that has seen a major increase of \$280k. This amount seems significantly higher when compared to the other categories. The scope seems unclear.

If there were indeed a revised scope of studies, HP would like to know if these revised studies/works will be performed by external consultants or to be done in-house. The numbers do not seem to match up, if the ISO intends to hire 4 additional personnel for these works to be done in-house.

Impact on HP's business

Please also note the following impacts for HP as a business because of the change in ISO's budget.

- Our mid-year review budget as a Government Trading Enterprise is subject the Treasury's approval and has been locked several months ago. Any upward changes in ISO's fees would be constitute as an overspend.
- As a covered NSP, we are also undergoing a process for public consultations on the proposed network pricing for the second pricing period and substantial last-minute changes to the ISO budget would not be passed through network users and would remain under-recovered for the period of three years.

In addition to our views above, we would appreciate it if the ISO could consider its planning timelines moving forward and mid-year review changes in particular moving forward.

I look forward to the ISO's response to Horizon Power's queries.

Yours sincerely



Wai Soon Leong
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