

1 November 2024

James Campbell-Everden
Chief Executive Officer
Pilbara ISOCo Limited

Bentley Office

18 Brodie Hall Drive
Technology Park
Bentley WA 6102

PO Box 1066
Bentley DC WA 6983

Telephone (08) 6310 1000
Facsimile (08) 6310 1010
www.horizonpower.com.au

Dear James,

Submission on Draft Decision: Review of Subchapter 7.3 and 7.4 of the Pilbara Network Rules

Thank you for the opportunity to provide feedback in the Draft Decision: Review of Subchapter 7.3 and 7.4 of the Pilbara Network Rules.

Horizon Power Pilbara Network's submission and all its' related comments regarding the Draft Decision are outlined in Schedule 1.

Yours sincerely,



Wai Soon Leong
Tech Compliance & Invest Assurance Lead
Horizon Power

Schedule 1

No.	Description	Horizon Power Comments
1	That although Subchapters 7.3 and 7.4 should leave room for informal cooperation and collaboration between market participants, they should not require it.	Horizon Power notes and accepts the draft recommendation. Subchapters 7.3 and 7.4 should provide the framework for how participants are provided the opportunity to communicate, and coordinate outages and other notifiable event matters. This should provide, among other things, the notification timeframes and requirements for unplanned and planned events. Horizon Power will also need to map this into its internal business process documentation
2	That wherever possible, information about notifiable events should be publicly available. That in designing the detail of these rules, consideration should be given to whether any of this information needs to be kept confidential, and if so how transparency is nonetheless to be maximised.	<p>Horizon Power notes that PNR 288 requires the ISO to publish system coordination bulletins giving information about matters discussed in System Coordination Reports, which include notifiable events. Horizon Power notes the ISO provides Horizon Power the opportunity to review and comment on matters to be published in the system coordination bulletin and would encourage ISO to retain this approach.</p> <p>Horizon Power does support transparency; however, we do not support unvetted publication of information about notifiable events and urge the ISO to develop a framework for ensuring unvetted publication of information about notifiable events does not occur. This will need to include structure around timing of publications and consideration to matters under investigation.</p>
3	<p>That Subchapters 7.3 and 7.4 should enable the processes for notification, assessment, approval, scheduling and management of notifiable events to differentiate between and integrate across the various types of such events as appropriate, including:</p> <ul style="list-style-type: none"> - planned maintenance and routine upgrades; - major or extended outages; - commissioning and testing; - events in integrated mining networks; - events in the Pluto facility; and - events in any other connection point compliance facility 	<p>Horizon Power notes and accepts the draft recommendation; however, it urges the ISO to consider the flow on impacts should prescriptive rules be developed to further govern the listed events.</p> <p>The Pilbara is geographically remote, has limited resources to support specialist power system maintenance activities and has a heightened competition for such resources due to nature of heavy industry (inclusive of islanded power systems) in the area, so flexibility and the provision of certainty for planned works needs to be preserved to the extent that is reasonably practicable in any changes.</p> <p>This should provide, among other things, the notification timeframes and requirements for unplanned and planned events. Horizon Power will also need to map this into its internal business process documentation</p>

4	<p>That the PNR and Procedures should seek to minimise any risk of ambiguity, inconsistency or gaps arising from the potential overlap between:</p> <ul style="list-style-type: none"> - notifiable events being managed under Subchapters 7.3 and 7.4; - contingencies and pre-contingent threats being managed under Subchapter 7.5 and the Protocol Framework; and - the procurement and activation of ESS under Chapter 8. 	<p>Horizon Power notes and accepts the draft recommendation.</p>
5	<p>That the PNR's and Procedures' references to "outage" and "notifiable event" be made consistent.</p>	<p>Horizon Power notes and accepts the draft recommendation.</p>
6	<p>That the changes implemented under Draft Recommendations 3, 4 and 5 ensure that the limitations of the definition of "island" do not constrain the circumstances in which mitigation measures for notifiable events are considered or implemented.</p>	<p>Horizon Power notes and accepts the draft recommendation.</p> <p>Horizon Power urges the ISO to consider the current approach to maintaining system security in the event of decaying frequency. Currently, the under-frequency islanding scheme (UFIS) drives islanding events which are not aligned with generation/retail strategies and ESS strategies (i.e. Islanding the RTIO network effectively removes 40 MW of SRESS and primary FCESS from the system of the CLB 220 kV line).</p>
7	<p>That the primary objective for Subchapters 7.3 and 7.4 be revised, to focus solely on achieving the system security objective.</p>	<p>Horizon Power does not support the primary objectives of Subchapters 7.3 and 7.4 being focused solely on achieving the system security objective.</p> <p>Subchapters 7.3 and 7.4 are set up to coordinate outages and events which, by their very nature, put the system into a non-normal operating state, which in many cases compromise system security as compared to a normal operating state.</p> <p>The HTR outlines the technical envelopes for which the system is to operate within. These envelopes are widened to accommodate things like credible contingencies and multiple contingencies (eg: HTR 2.2.1), which may include outages.</p> <p>By having the primary objectives of Subchapters 7.3 and 7.4 being focused solely on achieving the system security objective, there is a material risk that NSP outage coordination will become unworkable in many situations as many outages result in the system security objective being put at some level of risk, typically in-line with tolerances outlined in the HTR. Further to this, having system security as the primary objective risks prioritising system security at any expense, which is inconsistent with other objectives contained within the PNR. The main purposes of outage management is to manage safety risks associated with asset failure and to balance the costs and short-term impacts to system security against the increased reliability outcomes that a prudent asset</p>

		<p>management programme provides.</p> <p>Horizon Power strongly urges the ISO to further consider the ramifications of this draft recommendation with respect to how it would negatively impact the NSP’s progressing routine maintenance in accordance with GEIP (i.e. if achieving the system security objective is the sole primary objective, it will likely result in less maintenance progressing on critical NSP assets).</p>
8	<p>That the ISO be given the overarching function of managing and approving notifiable events, including supervising their notification and scheduling, assessing their risks, and supervising, and as necessary directing, the management (including mitigation) of those risks.</p>	<p>Horizon Power is of the view that the PNR clearly assigns responsibility to the NSP to operate and maintain its assets in accordance with GEIP to maintain the system security objective (PNR 185).</p> <p>Rule 166 defines a notifiable event, which includes both planned and unplanned events. Establishing a rule for ISO to manage and approve an unplanned event seems odd.</p> <p>Horizon Power notes outages are generally taken to maintain assets which is in accordance with GEIP, and generally they are scheduled in accordance with GEIP to mitigate risk of failure of the assets.</p> <p>Horizon Power notes the ISO’s intent in this draft recommendation however, we highlight concerns that should the power be used in a way that results in increased costs to NSPs compared to the current GEIP arrangements that are implemented, that in turn will result in increases in network tariffs. Some examples of how this could occur are as follows: -</p> <ul style="list-style-type: none"> • If the ISO implements costly mitigation measures because of lower risk tolerances compared to the existing NSP’s requirements • If the ISO requires the NSP to implement mitigation measures that are typically implemented on a system level (i.e. Incremental ESS) • If the ISO retract approvals, reschedule outages or requires additional mitigation measures after an approval has been granted. <p>Horizon Power highlights to the ISO that the Pilbara is geographically remote, has limited resources to support specialist power system maintenance activities and has a heightened competition for such resources due to nature of heavy industry (inclusive of islanded power systems) in the area, so flexibility and provision of certainty for planned works needs to be preserved so far as is reasonably practicable in any changes. Often resources are planned and secured months in advance of planned works and require coordination of both internal and external resources.</p> <p>Without having a detailed framework where mitigation measures are assessed and how planned notifiable events are approved or declined, Horizon Power is not in the position to comment on the likely benefits that could be realised from a centralised entity managing notifiable events. Horizon</p>

		<p>Power notes the following: -</p> <ul style="list-style-type: none"> • ISO would need to be very clear in the procedure on the specific information/risk assessment that is required to approve a planned notifiable event to ensure a smooth and cost-efficient process • ISO would need to provide clarification on what scenarios (if any) the ISO is considering having the incremental ability to reschedule/cancel an already approved notifiable event (outage for example) outside of a scheduling conflict arising due to a system security risk <p>Should the ISO consider cancelling/re-scheduling already approved planned notifiable events (outages) and the driver for current approved planned notifiable event is driven by a safety or urgent maintenance requirement, then the ISO would be assuming a level of responsibility should that asset fail because of the lack of maintenance</p>
9	That the ISO develop its own resources to deliver the function described in Draft Recommendation 8.	<p>We appreciate that if the ISO is taking on additional functions, more resources would be required. However, without further detailed information on what is proposed, Horizon Power do not support the ISO developing its own resources to deliver the function defined in draft recommendation 8. This would lead to an increased ISO operating costs and reduced efficiency in respect to NSPs being able to effectively deliver on maintenance plans.</p> <p>The ISO should demonstrate the incremental benefit to the participants in the Pilbara that it expects to achieve with the incremental investment in resources. Benefits should be tangible and measurable.</p> <p>Horizon Power would support the development of a terms of reference for the system coordination meetings (inclusive of a longer-term outage planning regime and common risk management framework for assessing outages) and additional system coordination meetings to address important matters.</p> <p>Horizon Power would support a one off more targeted contingency assessment campaign to inform its proposed framework, in place of permanent expansion of resources.</p>
10	That the ISO control desk's functions be restricted to real-time operations, contingency response and managing near-term pre-contingent threats such as cyclones and bushfires.	Horizon Power notes and accepts the draft recommendation.
11	That the rules or a procedure require the ISO to develop a standardised risk assessment framework for assessment, approval, scheduling and management of notifiable events,	Horizon Power notes and accepts the draft recommendation and highlights that Horizon Power as the ISO Control Desk has already presented a concept risk assessment tool that would be useful to consider as a

	<p>and require all participants to use that framework.</p>	<p>starting point for developing this.</p> <p>Horizon Power does note, however, that risk tolerance needs to be properly evaluated in respect to risk adjusted value and urge the ISO to properly consider formalising a value of loss load assessment as this will need to be a foundational piece to properly consider the risk/reward of mitigation measures.</p> <p>Horizon Power also notes the risk assessment should be aligned with the acceptable technical limits as outlined in the PNR and more specifically the HTR (i.e. the risk framework should tolerate frequency excursions for single and multiple contingency events).</p>
<p>12</p>	<p>That the rules and procedures give the ISO the necessary powers to give directions in connection with the scheduling and management of notifiable events. That this include a power to approve or disapprove notifiable events with or without conditions, and a power to recall equipment where appropriate.</p>	<p>Horizon Power notes the ISO’s intent in this draft recommendation however, we highlight concerns that should the power be used in a way that results in increased costs to NSPs compared to the current GEIP arrangements that are implemented, that in turn will result in increases in network tariffs. Some examples of how this could occur are as follows:-</p> <ul style="list-style-type: none"> • If the ISO implements costly mitigation measures because of lower risk tolerances compared to the existing NSP’s requirements • If the ISO requires the NSP to implement mitigation measures that are typically implemented on a system level (i.e. Incremental ESS) • If the ISO retract approvals, reschedule outages or requires additional mitigation measures after an approval has been granted. <p>Horizon Power highlights to the ISO that the Pilbara is geographically remote, has limited resources to support specialist power system maintenance activities and has a heightened competition for such resources due to nature of heavy industry (inclusive of islanded power systems) in the area, so flexibility and provision of certainty for planned works needs to be preserved so far as is reasonably practicable in any changes. Often resources are planned and secured months in advance of planned works and require coordination of both internal and external resources.</p> <p>Without having a detailed framework where mitigation measures are assessed and how planned notifiable events are approved or declined, Horizon Power is not in the position to comment on the likely benefits that could be realised from a centralised entity managing notifiable events. Horizon Power notes the following: -</p> <ul style="list-style-type: none"> • ISO would need to be very clear in the procedure on the specific information/risk assessment that is required to approve a planned notifiable event to ensure a smooth and cost-efficient process • ISO would need to provide clarification on what scenarios (if any) the ISO is considering having

		<p>the incremental ability to reschedule/cancel an already approved notifiable event (outage for example) outside of a scheduling conflict arising due to a system security risk</p> <ul style="list-style-type: none"> Should the ISO consider cancelling/re-scheduling already approved planned notifiable events (outages) and the driver for current approved planned notifiable event is driven by a safety or urgent maintenance requirement, then the ISO would be assuming a level of responsibility should that asset fail because of the lack of maintenance.
13	That the ISO develop a new Procedure to govern the notification, assessment, approval, scheduling and management of notifiable events.	Horizon Power notes and accepts the draft recommendation but urges the ISO to fully consider and accommodate the matters raised by Horizon Power on other draft recommendations.
14	That a notifiable event management process be established for the NWIS as described in this section 7.3.	Horizon Power notes and accepts the draft recommendation but urges the ISO to fully consider and accommodate the matters raised by Horizon Power on other draft recommendations.
15	The ISO, through its power to approve or reject proposals for notifiable events, will be responsible for determining which mitigations or other management measures should be implemented for an event.	<p>Horizon Power notes and accepts the draft recommendation, however the ISO will also need to be accountable for demonstrating it is effectively mitigating the risk and that the mitigation strategy is considered fit for purpose when considering:</p> <ul style="list-style-type: none"> acceptable technical limits as outlined in the PNR and more specifically the HTR PNR 72 Network Planning Criteria Interactions, in particular subclause (4) and associated footnote <p>In addition, any changes should provision for a pathway for NSP, Generator or Consumer (Participants) to challenge the mitigation measures proposed.</p>
16	That the ISO be empowered to direct the proponent, and if appropriate other participants, to take measures to mitigate notifiable events. That the ISO control desk have the power to activate these measures as necessary during real-time operations.	<p>Horizon Power notes and accepts the draft recommendation, however it raises concerns that visibility limitations will likely focus all directions on two NSP's and in conjunction with this the ISO will need to establish the commercial frameworks to ensure participants providing the mitigation measures are appropriately compensated.</p> <p>Note: When developing this, the ISO needs to ensure it considers who the mitigation measures benefit and such how the commercial impacts will be shared.</p>
17	That a broader review address the question of how notifiable event mitigation costs should be identified, assessed and	Horizon Power accepts the draft recommendation noting that future procedures, to the extent that they affect NSPs, might need to be reflected in the PNR and PNAC to ensure proper mechanism exists for cost

	allocated.	recovery by the NSPs or the ISO.
18	<p>That during the detailed design of the new regime, consideration be given to whether the ISO should be permitted to utilise ESS contracts to manage notifiable events, and if so in what circumstances.</p> <p>Further, if so, that the review under Draft Recommendation 17 determine how the resulting ESS costs should be allocated.</p>	Horizon Power notes and accepts the draft recommendation.
19	<p>That the ISO propose urgent rule and procedure changes as necessary, to enable it to use ESS to mitigate notifiable events, as an interim solution pending any more complete rule changes which may be developed following this review and any broader review. Further, that pending a suitable answer to the question of how mitigation costs should be identified, assessed and allocated, the costs of ESS contracts used in this fashion should be recovered through standard Subchapter 8.3 processes.</p>	Horizon Power accepts the draft recommendation noting that future procedures, to the extent that they affect NSPs, might need to be reflected in the PNR and PNAC to ensure proper mechanism exists for cost recovery by the NSPs or the ISO.
20	<p>That in due course a broader review should address the matters identified in this section 9.</p>	Horizon Power notes and accepts the draft recommendation.