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Dear Ms Gardner

Western Power's Access Arrangement Network – the review

Thank you for the opportunity to provide comment on the *Proposed revisions to the access arrangement for the Western Power Network 2022/23 – 2026/27*.

Given developments in renewable technologies and changing customer preferences aligned with decarbonisation, CCIWA supports the intent of Western Power's Access Arrangement 5 to better align with the rapidly changing energy landscape.

Notwithstanding the importance of other questions raised throughout the ERA's Issue Paper, our submission will address network transformation and climate change considerations specifically.

Background

Over the past year, CCIWA has undertaken a significant piece of work developing a comprehensive position on climate change policy. This is the culmination of extensive consultation with our members, involving surveys, roundtable discussions and one-on-one meetings as well as desktop research examining existing legislative and policy frameworks.

Decarbonisation: the only path forward

Our consultation with the WA business community has revealed widespread consensus that taking steps to mitigate and adapt to climate change is the only path forward — customers and the investment community, particularly globally, expect nothing less.

There is also greater recognition within the business community of the risks that climate change poses. For example, a failure to demonstrate meaningful commitments to reduce emissions, specifically net zero by 2050 – by both governments and individual businesses - will likely erode investor and consumer confidence and impose significant economic and financial damage.

Furthermore, businesses must also achieve greater climate resilience to reduce potential financial and physical risk associated with a warming climate.

At the same time, we found that businesses are optimistic about the opportunities presented for WA by global decarbonisation. There are, however, significant barriers that need to be addressed by government to enable businesses to leverage these opportunities.

Access to infrastructure is undermining progress

Of relevance to this review, our engagement found that access to appropriate infrastructure is currently undermining decarbonisation progress. There has been a marked shift from climate change being seen as a long-term problem only, to one that needs urgent policy attention. Our members have highlighted the importance of reconfiguring the network to align with decarbonisation goals:

“The critical issue here is electrification. The grid as it stands falls woefully short. We don’t have the grid to enable decarbonisation, and this should be addressed as a priority issue”.

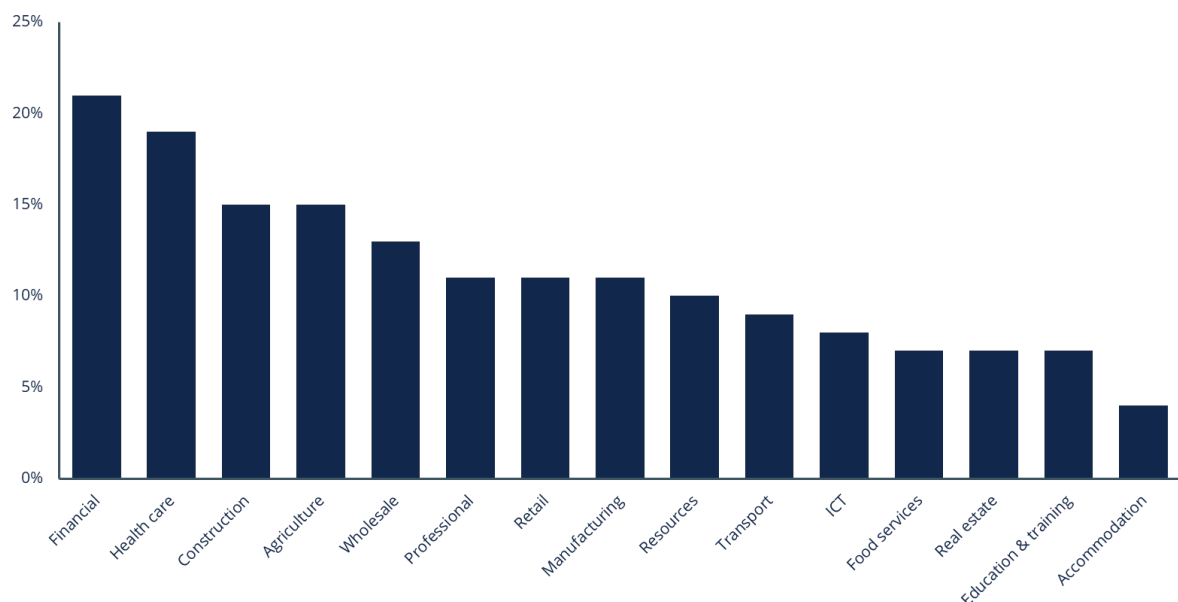
“Hundreds of kilometres of land could be opened up, but the grid connection is not able to support that level of investment and business has walked away as a result”.

Unfortunately, WA is at risk of missing out on global investment opportunities without a modified electricity grid. Given the pace of change, and with respect to mitigation aims and efforts of industries across WA, it is critically important that priority is given to transforming the grid to enable decarbonisation.

Willingness to pay more to achieve net zero emissions

We have found that over two thirds of WA businesses are willing to pay more on their energy bills to support achieving net-zero emissions. Willingness to pay varies across industries (Figure 1), but on average, WA businesses are willing to pay 12 per cent more.

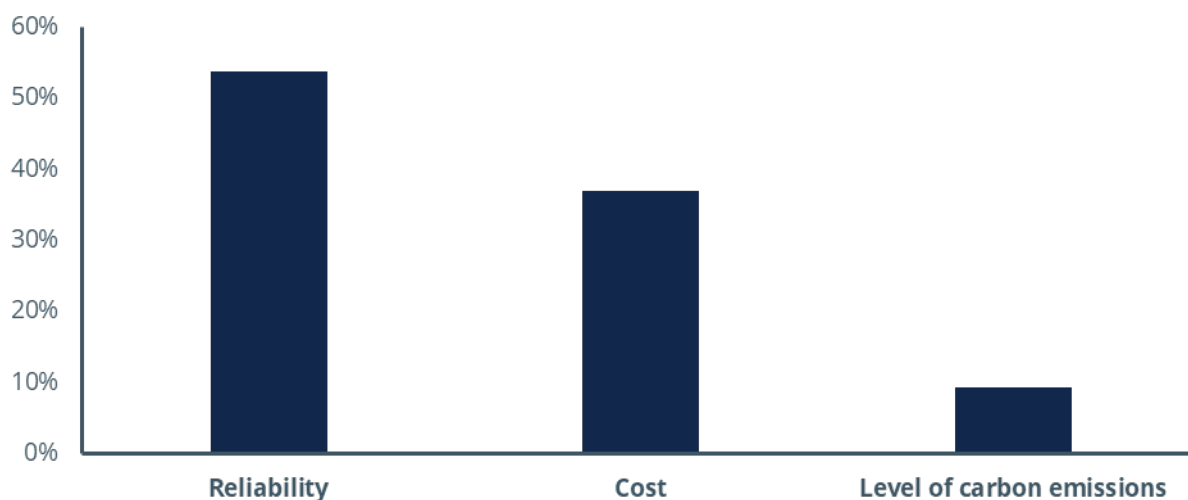
Figure 1: Willingness to pay more for energy to reduce emissions



Source: CCIWA Business Confidence Survey, 2021 (June quarter)

However, our research also revealed that lower emissions cannot come at the expense of reliability. As shown in Figure 2, when members were asked to nominate the most important feature of their energy supply, 54 percent nominated reliability – clearly the most important factor, and something that cannot be compromised as WA transitions to a greener energy future.

Figure 2: The top priority for businesses when it comes to energy supply



Source: CCIWA Business Confidence Survey, 2021 (June quarter)

Given reliable energy supply is a critical issue for our members, we strongly support Western Power placing emphasis on disaster preparedness and resilience. This is important to protect grid infrastructure and ensure continuity of supply in response to changing and more extreme weather events. It also signals to the broader business community the importance of climate change adaptation planning.

Once again, thank you for the opportunity to comment on Western Power's Access Arrangement 5. Should you wish to discuss any of these matters further, please do not hesitate to contact Aaron Morey, Chief Economist, M: 0423 415 738
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Yours sincerely

Chris Rodwell
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