Economic Regulation Authority

Western Power's application to waive the Regulatory Test for a major augmentation of the transmission network to connect Zephyr Energy's Parron Maam Marang Wind Farm

Determination

4 June 2026

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Acknowledgement of Country

At the ERA we value our cultural diversity and respect the traditional custodians of the land and waters on which we live and work.

We acknowledge their continuing connection to culture and community, their traditions and stories. We commit to listening, continuously improving our performance and building a brighter future together.

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1. Determination

The Economic Regulation Authority has decided to exercise its power pursuant to section 9.23(f) of the *Electricity Networks Access Code 2004* and waive the application of the regulatory test for Western Power's proposed major augmentation of the transmission network to facilitate the connection of the Parron Maam Marang Wind Farm.

In making the determination we have had regard to the provisions dealing with the regulatory test as set out in Chapter 9 of the Access Code, as well as Western Power's application and supporting information. Further details are set out below.

1.1 Reasons for determination

On 14 April 2026, we received an application from Western Power requesting us to waive the regulatory test in respect of a proposed major augmentation of the transmission network to facilitate the connection of the Parron Maam Marang Wind Farm. The wind farm is a 470 MW large-scale onshore wind project being developed by Zephyr Energy near Badgingarra in Western Australia.

The proposed major augmentation relates to the development of a new terminal substation to facilitate the connection of the wind farm. The proposed terminal substation is a shared network asset and would usually be subject to the regulatory test, as the forecast cost exceeds the regulatory test threshold of $46.8 million ($ 2025).

The objectives of the regulatory test are to:

- ensure that, before a service provider commits to a proposed major augmentation to a covered network, the major augmentation is properly assessed to determine whether it maximises the net benefit after considering alternative options
- provide an incentive to a service provider, when considering an augmentation to a covered network, to select the option that maximises the net benefit after considering alternative options, which may involve a major augmentation or may involve not proceeding with an augmentation at all
- minimise:
  - delay to projects and other developments
  - administrative and regulatory costs
  - any other barriers to the entry of generators and consumers into the electricity market

  arising from the application of the regulatory test.

Undertaking the regulatory test would require Western Power to:

- conduct a public consultation process that gives all interested persons a reasonable opportunity to state their views on the proposed major augmentation and to propose alternative options
- have regard to any views or alternative options identified through the consultation process

- submit an application to the ERA demonstrating that:
  - the proposed augmentation maximises the net benefit after considering alternative options
  - reasonable market development scenarios have been used that incorporate varying levels of demand growth at relevant places, reasonable timings, and alternative timings for project commissioning dates and construction timetables for the major augmentation
  - a public consultation process that met the requirements of the Access Code was conducted

However, the Access Code includes provisions that enable the regulatory test to be expedited, otherwise modified, or waived if its application would be contrary to the Chapter 9 objectives, including because:

- there are no viable alternative options to the proposed major augmentation, or it is unlikely that there are any
- the nature of the proposed major augmentation is such that significant advance planning is required and no alternative options exist
- the nature of the proposed major augmentation, or part of it, is such that it should be submitted to AEMO
- the nature of the funding of the proposed augmentation means that the proposed major augmentation will not cause a net cost, measured in present value terms to the extent that it is possible to do so, to those who generate, transport, and consume electricity in the covered network.

Western Power has applied for a waiver of the regulatory test on the basis that:

- There is no viable alternative to the proposed augmentation.
- The augmentation will not result in a net cost to network users due to the applicable funding framework.

We have reviewed the information provided by Western Power on the options it considered to facilitate the connection of the wind farm to the network. The alternative options involved connecting to existing terminal substations. Due to the distance of the wind farm from existing terminal substations, the construction of a new terminal substation was found to be the lowest-cost option. It was also the only option that could be delivered in time to meet the customer's required in-service date.

We have also reviewed the proposed delivery and financial arrangements. Under these arrangements, the customer will pay the full cost of connection assets and the cost of shared assets that exceeds the incremental revenue attributable to the customer. This means the proposed augmentation will not cause a net cost to other users of the network.[1]

[1] The costs of the shared assets added to the regulated asset base will be offset by the incremental revenue from the new wind farm so will not result in an increase in tariffs to other users.

We also note that requiring the regulatory test process to be undertaken before Western Power can commit to this project would delay the connection of the wind farm and increase administrative and regulatory costs.

On the basis that:

- the proposed augmentation is the only viable option and will not increase costs to other users of the network; and
- requiring the regulatory test process to be undertaken will delay connection of the wind farm and increase administrative and regulatory costs;

we have formed the view that applying the regulatory test to the proposed major augmentation would be contrary to the objectives of Chapter 9 of the Access Code.

Consequently, we have decided to publish a notice, pursuant to section 9.24(a) of the Access Code, that meets the requirements for exercising our power under section 9.23(f) of the Access Code to waive the application of the regulatory test for the proposed major augmentation.

Our determination on the major augmentation proposal is limited to the scope of the regulatory test under Chapter 9 of the Access Code and the question of whether the regulatory test should be waived. While the ERA's determination is necessary for Western Power to commit to the proposed augmentation, approvals and permissions relating to other matters fall outside our role and responsibilities. These matters include environmental management, compensation arrangements for affected landowners, and the commencement and timing of works.