



Briefing note

**Ongoing industry challenges with Western Power impacting housing supply
18 September 2023**

This briefing note articulates the ongoing challenges for industry in working with Western Power to secure clearances and gain energisation to facilitate the supply of critically needed housing. It frames the case for urgent action, and sets out potential solutions.

It has been informed through engagement with UDIA WA members, including representatives of UDIA WA's Infrastructure Standing Advisory Group, to support further discussions with Western Power, and the Minister and Premier as necessary.

Background

Presently, Western Power are often the last service authority to provide their clearance due to delays in reviewing and issuing design approvals for underground power infrastructure in subdivisions. Industry is experiencing increasing occurrences of subdivisions having reached practical completion and titles being delayed due to the absence of Western Power Design Conformance Review (DCR) and clearance. This is resulting in delays to builders being able to commence on site. Challenges are also being encountered for built form / infill projects. This is all restricting the provision of dwellings during a period of urgency for new housing.

Since October 2022, UDIA WA has been proactively engaging with Western Power to try to resolve the challenges which are being felt industry wide. This has included several meetings with Western Power CEO Sam Barbaro and members of the senior leadership team, as well as engagement with Minister Johnston (including at our Boardroom Lunch co-hosted with Western Power on 23 June 2023 and more recently a meeting on 24 August 2023).

In response, we have welcomed the collaborative approach taken by Western Power, including to implement immediate measures to help release the pressure value such as the re-establishment of the land development team, allocation of temporary and some permanent additional resourcing, workflow management improvements like prioritisation based on practical completion (PC) date and pre-DCR clearances.

However, as was agreed early on with Western Power, implementation of more holistic process changes is essential to overcome systemic and ongoing challenges, to improve service timeframes and the overall customer experience. In that vein, we have appreciated the opportunity to work collaboratively with Western Power, and through our Infrastructure Standing Advisory Group (SAG), on the **Land Development Process Review**.

UDIA WA's proposal was for an audit process, whereby developers could utilise/rely on the skills of their external design houses who are trained in working to the Underground Distribution Schemes (UDS) Manual to ensure design compliance and move quicker through Design Information Packages (DIPs) and DCRs for clearances and titles.

Western Power have subsequently proposed a three-month trial of a new DCR process to start this month (September), which would involve the introduction of a third-party design compliance auditor, paid for by the developer to audit 100% of designs before submission to Western Power. The intent

would be to reduce the number of DCR reviews by Western Power to 1 in every 5 applications. UDIA WA's Infrastructure SAG fed into the scope. One change proposed by UDIA WA and accepted by Western Power was to allow electrical design houses involved in the urban development industry to be the external design auditors, rather than restricting it to those working in other sectors. The trial is broadly supported in the hope it will reduce Western Power's workload and thus timeframes for industry.

Despite the quick wins and trial there remains acute and ongoing challenges for industry and, as has been discussed with Western Power, as the broader industry will not see the benefits until sometime in the new year there is still a need to identify and progress other actions to address the pressing issues.

It is also important to note that any outcomes of the new DCR process trial will only benefit what Western Power categories as 'MS projects' (land and industrial development / greenfield sites) and not 'MPC projects' (built form / infill sites). Therefore, changes implemented following the trial and its evaluation will not aid the delivery of medium and higher density infill developments.

Summary of the challenges

In the context of MS projects, the key challenges can be summarised as follows:

- We understand there are 493 designs awaiting approval in Western Power currently, together with 200+ DIPs (700+ projects in the system in total). Despite some additional design resources being allocated to assist with the backlog early this year, we understand that only a small team remains dedicated to dealing with land development projects with evidently insufficient capacity to handle the workload within reasonable timeframes.
- We also understand Western Power have a shortage of approximately 150 electrical engineers, so there is no short-term solution to the shortage of resources.
- The shortage of resources is resulting in a reduced number of DIP's being issued and insufficient design information being provided in many cases. The deficiency in comprehensive design information and limited opportunity to effectively and efficiently communicate with Western Power design engineers during the critical design phase has resulted in external designers having to design without an adequate brief, which presents a non-compliance risk and contributes to further iteration and delays in the process.
- We understand from some members the most recent advice from Western Power is to allow nine months for a DIP to be issued and seven months for a DCR review to be completed but these timeframes are not fixed and invariably blow out. We note though that the Western Power website does indicate that they are currently experiencing up to a 6-12 month delay on top of these timeframes for many projects. So, the reality is that Western Power is not able to efficiently issue design input or approvals (DIP or DCR respectively) to facilitate installation of underground power in new subdivisions for over 12 months as standard. These significantly protracted timeframes, and the high degree of uncertainty for industry over how long it will actually take for their projects, is not workable.
- In the design approval and fee quotation processes, all 'MS projects' are treated the same and processed in one approvals list. Whilst projects vary in complexity, it is evident that even projects of lower complexity and scope are being met with extended timeframes for review and approval, resulting in a significant bottleneck in the process. Western Power have previously indicated that projects would be prioritised based on economic impact and

anticipated PC date and encouraged developers to express the economic impact of delayed approvals. This process has often seen a majority of subdivision projects being considered of lowest priority when assessed in isolation against major infrastructure and health projects, although the economic impact is becoming more significant for the collective subdivision projects.

- Western Power did implement a 'once-off' pre-DCR clearance trial for developers to pay a bond, obtain a clearance, then receive a DCR approval prior to practical completion. This was welcomed by members with eligible projects but subsequent advice from Western Power identified that 58% of the externally prepared designs were non-conforming to Western Power. With Western Power generally unable to complete conformance reviews prior to practical completion of works, compounded by designs being produced on limited design input and limited opportunity to communicate with Western Power regarding design outcomes, the rate of non-conformance issues was identified as a significant risk to Western Power. The Pre-DCR clearance trial was therefore deemed unsuccessful by Western Power and not pursued.
- Members are also experiencing considerable delays with energisation. From title there is approximately four months grace as finance approvals are completed, settlement of purchase completed, and a building license obtained. At that point Western Power should have energised the grid. If not energised within this timeframe, as is often the case now, the builders cannot commence building without site power. This has meant hiring expensive generators for extended periods, which adds significant cost and the risk of purchasers not having power to their new homes.
- Western Power have indicated that they are prioritising projects based on an anticipated contractual PC date. Developers/builders are therefore required to commit to construction contracts and effectively construct all works before Western Power aim to provide a DCR review. Should Western Power advise that a design is non-conforming and requires changes resulting from a conformance review which has occurred close to or well after practical completion, the developer/builder is required to make modifications to completed infrastructure and surrounding assets. Developer/builders are accepting this risk in an effort to address the current shortage in housing, only for these efforts to be curtailed by delays in Western Power's internal processes and potential increase in cost for retrospective works.

In the context of MPC projects, the key challenges can be summarised as follows:

- Timeframes –
 - Complicated Connection timeframes are as per below (taken directly from Western Power's website). There is not a simple iterative approach, applicants need to provide all the information up front, which takes time to compile, even before Western Power will accept the application. This means that some approvals will lapse by the time Western Power looks at an application.
 - There is a significant volume of network reinforcement projects that have been requested of Western Power, and the timeframes for these would easily exceed 18 months to construction.
- Connection applications for new lots being created – At the moment, officially, proponents need to wait for the lots to be created as part of a set of WAPC conditions, prior to submitting the connection application, this is not workable due to the timeframes involved (which are often subject to change).

- Many completed built form projects currently (or imminently to be) running on generators because Western Power have not completed design approvals or upgrades to infill power sources.

How long will it take?

3 months to provide you with a technical assessment	8-12 months to provide you with a design and quote, depending on the complexity of your project	3 months to construct, upon payment of quote and confirmation your site is ready
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Timeframes indicative only and subject to change based on demand.

However, we do understand the following initiatives are typically working well for MPC projects:

- Fast track consumer mains connection (where the load is known and pre-allocated within subdivision projects) and all that is required is the connection of consumer mains and meter installation.
- Simple scope projects, that can be handled by a scope of works document, and that which does not require a detailed design (although there is still a need to wait for validation though).
- Early materials procurement/invoice – once the project has moved through validation, however it still takes a couple of months.

Potential solutions for consideration

The challenges being faced by Western Power are having a crippling impact on industry and are suppressing housing supply. While Western Power have been undertaking welcomed action, given the situation industry is in, we cannot risk waiting for the broader implementation of any outcomes from the new DCR Process Trial, with implementation of any outcomes not anticipated until next year. More needs to be done, now, to urgently address the challenges for land and built form development.

Our members have proposed the following recommendations be explored as a priority:

For MS projects –

- With a huge number of design approvals in backlog, Western Power should **issue clearances for title creation against a bonded installation of fees for power agreement** and have a system whereby delayed design approvals catch up with the completed infrastructure installation at a later date (noting there is typically four months post title creation for power installation to be completely and there is no safety risk until energisation occurs). This needs to be complemented by a commitment to review designs and provide energisation of developments within an appropriate timeframe, which requires review of current resource expertise, efficiency and allocation.
 - We requested further information following the recent pre-DCR clearances so that we could discuss and seek to resolve non-compliance issues with members but have not yet received this.



- We would respectfully request it be revisited, to find a way to segregate design complexity to manage potential safety risks accordingly, and utilise external expertise in the short term to remove the critical housing supply bottleneck.
- UDIWA WA believes developers would support a bond system to facilitate speed in processing, however Western Power will need to commit resources to ensure prompt review of designs and subsequent energisation of the grid within an appropriate 4–6-month timeframe.
- Noting the risk of providing more pre-clearance quotes increasing the burden downstream to the construction teams that are at capacity, to enable the above, further **re-allocation of existing Western Power design expertise/resources** currently dedicated to other areas of Western Power’s business is required to focus on supporting the dedicated land development team and alleviating the significant backlog of requests for DIP and DCR input. This may involve review of how Western Power prioritise projects internally, from an economic and social/housing impact perspective.
- **Urgently commence an outsourcing strategy to process design approvals.**
 - As has been requested for several years, Western Power should provide SPIDA access to External Designers to allow them to see the LV and HV networks that relate to the subdivision area. This is similar to network information tools that Water Corporation provides to approved engineers, allowing them to take technical information directly with fully compliant specifications, effectively enabling more informed external design outcomes.
 - In the interim, until the necessary technical systems access is created, senior Western Power engineers could be made available to liaise on outsourced design approvals, correct any key issues prior to lodgment and begin to unlock the bottlenecks proactively right now.
 - Further, another similar solution would be an ‘ask an engineering expert’ pathway for technical queries, not just simple process/UDS discussions, with responses to specific non-standard queries being made publicly available to help inform industry and clarify situations others may also be encountering.

For MPC projects –

- Review of the process relating to design approvals and upgrades to infill power sources and **introduction of a compensation provision for developers who are currently (or will imminently) be paying extreme power generation costs.**
- **Allow applicants to formally submit new connection applications for newly created/subdivision lots prior to the creation of the lots.** This would allow for parallel engagement and would be acceptable with conditional statements on the connection quotes that make the subdivision stage completion conditional on those connections.
- Have a **fixed price scope of works for certain bundles of work**, such as simple network connections under 100A, pole to pillar, minor asset relocations, simple street lighting, etc.
- **Fast-track small scopes of work** to avoid a bottleneck in the validation phase with more complicated projects.
- **Urgently commence an outsourcing strategy to allow consultants/contractors to undertake as much of the simple support work that would be required to complete the electrical works by Western Power.** These would be things such as conduits installation/sleeves for road crossings, cables in standard alignments, etc. While it is appreciated that not all applicants can arrange this, where applicants do have access to

appropriately qualified contractors with the necessary expertise and capacity to undertake this type of work it would help relevant pressure on the Western Power MPC project team and expedite the process with minimal risk. Having consultants assist with the approvals/installation but the final interface work still sitting with Western Power would alleviate any concern of risk when dealing with transmission/zone substation infrastructure.

For all projects –

- While not a quick fix given the path to competency is 6–9 months, a **specific recruitment strategy should be developed** for Western Power to attract new electrical engineers, either from the east coast or overseas, should be commenced as a priority. This must be underpinned by **sufficient and sustained investment**, to maintain sufficient resourcing levels.

Next steps

We do understand and appreciate the importance of safety risk management and the associated constraints that Western Power is working within, and leadership at Western Power have been proactively trying to do what they can with the available resources. However, much of the risk, effort and expense is sitting with our industry, which is struggling to supply the housing WA critically needs in the current market conditions. The WA development industry is preparing the designs, installing the infrastructure assets, paying for a service, and providing the customers for Western Power to run a successful retail energy business, but Western Power is unable to ensure critical steps being approvals of designs and energisation of the grid are completed efficiently, this needs urgent rectification.

UDIA WA will continue to work collaboratively with Western Power to progress the trial of the new DCR process and advocate for rapid implementation of the outcomes.

In the meantime, UDIA WA will be hosting a roundtable with Western Power and our key developer members and consultants on 16 October 2023 to discuss and agree a way forward to address the issues outlined above, in as timely a manner as possible. This will include discussion around options to help to reduce the critical backlog of applications in the system and in need of approval.

Subject to the outcomes of this roundtable, we will continue our advocacy, including further government engagement.