

Our ref: DM#9803577
Contact: Peter Mattner, 9326 4556

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Ms Suzanne Frame
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Dear Suzanne

ELECTRICITY TRANSFER ACCESS AGREEMENTS

Thank you for your letter regarding the Five Year Outage Planning Review. We note that PA Consulting's core recommendation in this area relating to the Network Operator is:

Electricity Transfer Access Agreements (ETACs) between Western Power and generators should be reviewed to ensure that they provide a sound basis for the management of the interaction between transmission outages and the transmission services provided by the Network Operator to the Market Participants.

The ETAC is primarily a commercial agreement between Western Power and a User (such as retailer or generator). It contains the terms and conditions relating to the provision of contracted network services and sets out the rights and obligations of each party. In relation to this particular matter:

- Section 11 requires the parties to follow “good industry practice” when fulfilling its obligations.
- Section 14 requires the parties to “cooperate and coordinate with each other” in relation to a number of matters including outage planning.
- Under Section 16, the parties must comply with directions given by the System Operator.
- Section 25 sets out the circumstances when Western Power may curtail the provision of contracted services to the User.

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Therefore, it is Western Power's view that the ETAC provides an effective high level framework for "the interaction between transmission outages and the transmission services provided".

It is appropriate that the detailed management of outage scheduling is a matter for a separate operational process. Currently, network outages are coordinated with market facility outages in accordance with the Market Rules and Western Power aligns its maintenance schedules where possible, consistent with good industry practice. I would like to bring a few relevant points to your attention:

1. The standard ETAC in the Access Arrangement (approved by the ERA) serves as a template for a contract specific to each User.
2. The User is normally a Retailer i.e. not all generators have an ETAC with Western Power.
3. The standard ETAC for the third access arrangement period (AA3) is nearing approval, with the ERA's Final Decision published on 5 Sept 2012. At this stage, no further changes can be introduced. The approval process included public consultation by the ERA, and no comments were raised regarding curtailment or outage planning provisions in the ETAC. Once AA3 is approved (expected November 2012), the standard ETAC will be effectively fixed until 2017. In the lead up to AA4, all Users will again be consulted on any required changes to the access arrangement (including the ETAC).
4. Each User has an ETAC (or equivalent) with Western Power. The User is able to seek variations to the contract terms, at any time, should they be required.

In summary, Western Power is of the view that the high level provisions of the ETAC relating to the interaction of transmission outages and network services are sufficient. However, the detailed management of outage scheduling is an operational matter and we do not agree with PA Consulting's statement that "*ETACs should play the primary role in managing the interaction between the network operator and affected generators*".

It is noted that no concerns have been raised with Western Power by stakeholders about this matter but, in any event, Users are able to negotiate terms in their individual contracts should they consider it necessary to provide clearer guidance in relation to this matter.

Please feel free to contact me should you have any further queries.

Yours sincerely,



Peter Mattner
Manager Regulation & Pricing