



Government of Western Australia
Office of Energy

Our ref: RCM/0606

Enquiries: Peter Hawken

Telephone: 9420 5758

11 December 2009

Mr Allan Dawson
Chief Executive Officer
Independent Market Operator
Level 3, Governor Stirling Tower
197 St George's Terrace
PERTH WA 6000

Dear Mr Dawson

TEMPORARY REMOTE SUPPLY OF RAVENSTHROPE

As the first stage of a programme to improve electricity supply reliability in the town, Ravensthorpe is to be temporarily electrically isolated from the South West Interconnected System (SWIS) from December 2009 for up to two years and supplied by local diesel generation. This initiative, including generation hire and establishment and diesel fuel, is to be separately funded by Government.

I understand that Wholesale Electricity Market (WEM) participants and yourself have raised the concern that once Ravensthorpe is electrically isolated from the SWIS that it will no longer be legally considered part of the SWIS and so cannot be included in the WEM, but part of the non-interconnected systems served by Horizon Power.

The Office of Energy has sought advice on this matter. After considering this advice and the issue generally, I am of the view that Ravensthorpe remains part of the SWIS, even after being electrically isolated by the opening of an existing network switch.

The rationale for this view is outlined below.

The definition of the SWIS in both the *Electricity Industry Act 2004* and the *Electricity Corporations Act 2005* use the concept of the SWIS being located in a general geographic area of the state and being supplied electricity by one or more of the electricity generation plants at Kwinana, Muja, Collie and Pinjar.

This however, does not mean that a sub-system or works that comprise the SWIS has to be supplied by any of these power stations at all times in order to be considered to be part of the SWIS.

Also, a sub-system or works that are part of the distribution network comprising the SWIS can remain physically part of the SWIS but may from time to time be electrically isolated from the rest of the system. There are several examples of where parts of the SWIS are from time to time, electrically isolated from the main SWIS and supplied by local generation; e.g. the town of Kambalda and regional feeders that are undergoing planned or unplanned maintenance.

These electrical isolations are achieved using existing network switches that are specifically constructed to allow isolation of parts of the SWIS. As in the case of these examples and for Ravensthorpe, reconnection to the main part of the SWIS can be achieved at any time, by simply re-closing the switch. Connection and re-connection is achieved using existing equipment and there is no removal or addition of equipment needed to achieve this.

This legal distinction between physical connection and electrical connection (energisation) has precedent in such legislation as the *Electricity Industry (Obligation to Connect) Regulations 2005*.

I trust that this view and explanation will be accepted and you will be able to continue to consider Ravensthorpe as part of the SWIS, and hence part of the WEM, even while it is temporarily electrically isolated from the main SWIS.

Treating any sub-systems or works, that are electrically isolated using existing network switches as not being part of the SWIS is not an intended policy outcome and would, I believe, prove unworkable.

Yours sincerely



ANNE HILL
A/COORDINATOR OF ENERGY

::odma(trim)61oe\off\268