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Mr Lyndon Rowe
Chairman
Economic Regulation Authority
Level 6, Governor Stirling Tower
197 St George's Terrace
PERTH WA 6000

Dear Mr Rowe

The South West Area Consultative Committee is pleased to provide this submission to the Economic Regulation Authority on matters relating to Western Power's Revised Proposed Access Arrangement for the South West Interconnected Network (SWIN).

The South West ACC is a non profit organisation funded by the Australian Government to work with the non profit, community and small business sector to develop project proposals seeking Commonwealth funding for regional development.

Many projects seeking funding require new access to power. The South West ACC believes that many of these development projects will be stifled should these new access arrangements be approved.

We are aware that in many communities in the South West there is current limited capacity of country feeders which results in a number of power outages, severely retarding new industry development, new subdivisions and density infill.

Western Power's current practice which requires the developer to meet the full cost of the network enhancement, rather than an extension, is unjust and inequitable. This discourages regional investment to these communities and places many residents in regional and remote communities at a distinct disadvantage to their metropolitan counterparts.

The South West ACC would like to respond on:

1) Reductions in contracted capacity.

We understand that there is only a certain amount of power that can be generated in the system and used at any one time. This policy change is targeted at large customers who have an agreement with Western Power to supply a certain amount of power per year (contracted supply). Western Power is effectively over generating massive amounts of power on the presumption that these customers have the right to ask for that extra at any time.

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Western Power also upgrades the system to cope with this maximum demand estimate in their maintenance programs. If there was an extra 25% capacity at this point in time due to the large customers having their estimates reduced closer to their actual use, then that extra power could be allocated to new customers without upgrading infrastructure constantly. It would also reduce the need to burn more coal to create more power, when there is power not being used by customers. Western Power would be able to manage the power system better knowing that the load levels would not have the ability to fluctuate as much. Western Power appears to be going to ask these customers to pay for their contracted amounts unused or not in an effort to get more realistic estimates out of them. If the users are not able to generate more realistic estimates, then they should sell the unused power on to other customers.

Another option is that Western Power should attempt to buy back the unused power, not unilaterally cut it off. The question here is who owns the power? If the user owns the power through right of purchase and has spare power, it should be allowed to sell it off to a third party or sell it back to Western Power. If Western Power sign agreements for large power users, it is inevitable that any spare capacity will be wholesaled off by the user in a free market. Western Power cannot be corporatised and then act as a monopoly Government instrumentality using its powers to cut off supply.

2) Treatment of capital contributions;

If Western Power receives a substantial capital contribution, they must reflect that contribution in the agreed tariff spreading the cost across all future new users in that network region, and/or repay the contribution plus interest within five years.

3) Headworks charges;

Western Power should not impose additional costs on new customers for main line upgrades and extensions. These costs should form part of the costs of doing business and should be reflected in the power tariff if necessary over a 10 to 15 year period. Time lines for installation and supply of power should be required with penalties for late or no performance, the same as private enterprise. The content of any

Western Power has been granted substantial funding by the State Government to upgrade and modernise the South West grid. Has this been committed or made a difference to the regional distribution system? It does not appear so to date.

Western Power is also supported by the current headworks contribution scheme funded by the Department of Local

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Government and Regional Development; however this encourages Western Power to be uncompetitive as they know the customer will get some relief, irrespective of their uncompetitive price. If Western Power is going to impose headworks costs on development in the region, the development should be open for competitive quotes.

The South West ACC believes that regional Western Australia will not progress at all if headworks charges are given to Western Power as the costs will be prohibitive for private investment.

The South West ACC understands that a draft decision was issued on 21 March 2006 by the ERA on Western Power's proposed Access Arrangement for its network in the South West Interconnected System. The Authority's draft decision was to not approve the proposed Access Arrangement.

Western Power has to, like all local government and private enterprise put money aside for capital replacement if this hasn't happened then a further grant from government to assist with infrastructure upgrades and capital replacement is needed so as the true cost of carrying the power for Verve and other private power producers can be inclusive of these costs and intern would be passed onto the consumer by all in order that deregulation becomes an even playing field.

The South West ACC believes that Western Power should focus on the maintenance and growth of the SWIN to supply electricity reliably to customers. All existing and new clients should have the same rules of access. Under the user pays system, the cost of any investment in new infrastructure should be met by all users.

Yours sincerely

Mick Bennett
Chairman
8 February 2007