

25 January 2011

Inquiry into the Funding Arrangements of Horizon Power
Economic Regulation Authority
PO Box 8469
Perth Business Centre
PERTH WA 6849

Email address: publicsubmissions@erawa.com.au

To Whom It May Concern

SUBMISSION TO THE ECONOMIC REGULATION AUTHORITY REGARDING THE INQUIRY INTO THE FUNDING ARRANGEMENTS OF HORIZON POWER

The Esperance Chamber of Commerce and Industry (ECCI) is the peak representative business body in Esperance and the South East Region. Members of the ECCI are numerous and varied across a range of industries. This submission is therefore on behalf of the business community in Esperance and the South East Region.

Regional Western Australia contributes significantly to the Western Australian and Australian economy. In 2009/ 2010 the Goldfields Esperance region alone contributed in excess of an estimated \$8 billion.

This region is extremely large with a low population base. However the productivity of the Goldfields Esperance region makes it a significant contributor to the overall State economy.

The ECCI believes that the recommendations in this report to remove Tariff Equalisation Contribution (TEC) will not only jeopardise the economic impact of the region but also have potential negative social impacts.

Currently the Esperance community suffers from regular and prolonged power outages that would not be considered acceptable in the Metropolitan area. The report seems to be suggesting a reduction in Horizon Powers budget, this, in the opinion of the ECCI will only exacerbate the problem. If the overall budget is reduced as it seems to be suggesting and the Government maintains its current policy of charging uniform electricity retail tariffs (excluding large commercial users) across the entire state, the ECCI is concerned that 1) Horizon Power would need to move to a centralised model and/or 2) that it would reduce the maintenance and investment in infrastructure. This would have negative impact in terms of business opportunity, employment and service to the regions.

If this model was adopted the ECCI is concerned that the longer term strategy would in fact be to remove the uniform electricity retail tariff across the entire state. This would result in

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increased costs to the regions and the potential of negatively impacting not only the economic growth of the regions but also the economic viability of small businesses in the local region economies; which are the heart and soul of country WA.

The ECCI does not believe that the recommendations in this report will aid in the future requirements of regional WA generally and the South East WA specifically. By reducing the overall budget of Horizon Power the ECCI believes this will impact negatively on the service provided, maintenance and upgrades to the ageing infrastructure thus causing more power outages and causing regional businesses significant financial costs.

The ECCI would also like to express its disappointment with the relatively short period provided for public comment. Given the timing of the call for public comment being over the Christmas holiday period and the Australia Day public holiday the timeframe for public comment should be expanded.

The ECCI believes that the current system of funding Horizon Power's revenue shortfall, being made up of Customer Service Obligations (CSO) and TEC's is appropriate. The ECCI therefore does not support the recommendation to remove nor reduce TEC's and the cost burden to be carried by CSO's.

The ECCI is happy to further discuss or clarify anything in this submission. The ECCI can be contact on (08) 9071 5142 or admin@esperancecci.com.au.

Yours sincerely



Grant Shipp
Chief Executive Officer