



November 2011

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The Dampier to Bunbury Natural Gas Pipeline - Final Decision

In its final decision on 31 October 2011, the Authority decided not to approve the proposed revised access arrangement for the Dampier to Bunbury Natural Gas Pipeline (DBNGP). The Authority will now draft and approve its own access arrangement within two months in accordance with the National Gas Rules.

The proposed revisions to the access arrangement were submitted by DBNGP (WA) Transmission Pty Ltd (DBP) in April 2010. The access arrangement is to apply for the period from 1 January 2011 to 31 December 2015.

The access arrangement includes the terms and conditions that apply to reference (benchmark) services that third parties typically seek on a transmission pipeline. The access arrangement also includes the tariffs users of the pipeline would be expected to pay for using the pipeline to transport gas from an inlet point to an outlet point on the pipeline.

Since the sale of the DBNGP in 2004, shippers have agreed to pay tariffs at a higher rate than would be the case if capacity was available for a regulated service. This arrangement is to be in place until 2016 (i.e. until the commencement of the next access arrangement period) when shippers

will be entitled to opt for a regulated service at the regulated tariff.

This has meant that since the sale of the DBNGP in 2004 all available capacity has been contracted and there is effectively no spare (uncontracted) capacity for the purpose of obtaining a reference service and hence the regulated reference tariff. Instead, shippers have been offered standard shipper contracts on equivalent terms and conditions. The standard shipper contracts include a "most favoured nation" clause, which means that if a party were to receive a contract based on the regulated tariff then all shippers could insist on obtaining a similar service at the lower regulated tariffs.

For the purpose of this access arrangement period, until 31 December 2015, the tariffs that are determined in this final decision will not apply unless a user of the pipeline is offered the regulated service at the regulated tariff.



Dampier to Bunbury Natural Gas Pipeline

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Since the sale, the pipeline has undergone significant expansion resulting in the available capacity now being almost double what it was at the time of the sale.

The decision is important as it sets the scene for the next access arrangement period when regulated tariffs will be available to existing and new shippers/users of the pipeline.

DBP sought total revenue of \$2,812.9 million (real 31 December 2010) in its April 2010 proposal which was amended by DBP to \$2,687.4 million following the Authority's draft decision and this final decision allows \$1,880.2 million. This translates to tariffs for the T1 service offered in the current access arrangement decreasing by 0.6 per cent for the T1 service, which is 30 per cent less than the reference tariff sought by DBP for a service it referred to as the R1 reference service in its proposal. The most significant reduction is attributed to the lower rate of return approved in the final decision.

2011 Annual Wholesale Electricity Market Report

The ERA provided its 2010 Annual Wholesale Electricity Market Report for the Minister for Energy in May 2011 and released a public version of that report in August 2011.

On 25 October 2011, the ERA published a discussion paper to assist interested parties to make submissions on any strategic, policy or otherwise high-level issues relevant to the effectiveness of the Wholesale Electricity Market (WEM) in meeting the Wholesale Market Objectives. A notice was also published

on the ERA's website advising the publication of the discussion paper and inviting submissions to be lodged with the ERA.

The ERA is particularly interested in stakeholders' views on the following issues:

- the possible re-merger of Verve Energy and Synergy
- the impact of renewable generation
- the impact of Demand Side Management
- the effectiveness of the outage planning process
- the effectiveness of the Rule Change process
- the market for bilateral contracts and their influences on market outcomes

Beyond these specific issues, the ERA also invites comments on any other strategic, policy or high-level issues that are impacting on the effectiveness of the WEM in meeting the Wholesale Market Objectives.

Under the Wholesale Electricity Market Rules (Market Rules), the ERA must, at least annually, provide the Minister for Energy with a report on the effectiveness of the WEM. The Market Rules require that the Minister's Report include any recommended measures to increase the effectiveness of the WEM in meeting the Wholesale Market Objectives, as well as reporting on a large number of prescriptive items specified within the Market Rules.

The ERA is currently in the process of preparing the 2011 Minister's Report.

Decision on the 2011 Energy Price Limits

The energy price limits are a set of price limits comprising the maximum short

term energy market (STEM) price, the alternative maximum STEM price and the minimum STEM price. The energy price limits are the price caps within which participants in the wholesale electricity market are allowed to bid for or offer energy in the STEM. These price caps are part of the market power mitigation mechanisms in the WEM.

Under the Market Rules, where the Independent Market Operator (IMO) has proposed a change in the value of one or more energy price limits, the ERA must review the report provided by the IMO, including all submissions received by the IMO in preparation of the report, and make a decision as to whether or not to approve the revised value comprising the energy price limits.

In making its decision, the ERA must consider whether the revised value for the energy price limits proposed by the IMO reasonably reflects the application of the method and guiding principles described in the Market Rules and whether the IMO has carried out an adequate public consultation process.

The IMO engaged an independent consultant to conduct its annual review of the Energy Price Limits for 2011. On 8 June 2011, the IMO published a notice and draft report prepared by the consultant and an invitation for submissions from all sectors of the WA energy industry, including end-users. On 14 September 2011, the IMO provided the ERA with its final report on the 2011 Review of the Energy Price Limits for the WEM in the South West Interconnected System. Following an assessment of the IMO's report and the public consultation processes it followed, the ERA published its decision to approve the revised energy price limits and the rationale

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behind the decision on its website on 7 October 2011.

Inquiry into State Underground Power Program Cost Benefit Study

The Treasurer, the Hon. Christian Porter, has released the ERA's final report on its inquiry into the costs and benefits of the State Underground Power Program (SUPP).

According to Assistant Director References & Research, Sara Procter, the ERA's final report has found that there has been an overall positive value from the SUPP to Western Australians, with property owners benefiting more from the SUPP than they have paid for it.

"A large proportion of these benefits have accrued to the owners of the properties in suburbs where underground power has been installed through increased property values," Ms Procter said.

The report also identifies that Western Power benefited from the SUPP through lower maintenance costs and avoided replacement costs of overhead distribution assets such as poles, transformers and wires.

On average, it was estimated Western Power has contributed an amount similar to the benefit it has received from the SUPP, although benefits have varied for each project (area).

"The Authority has also

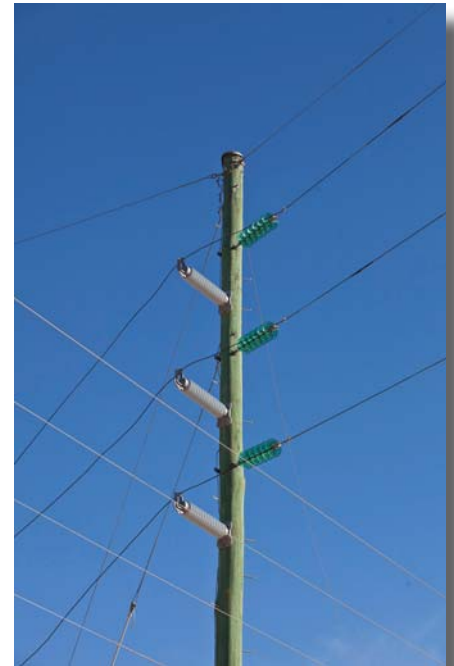
estimated that the wider Western Australian community or taxpayer base has benefited from the SUPP, although their funding contribution to the SUPP appears greater than the benefit," according to Ms Procter.

In participating in the SUPP, the ERA believe the wider community has subsidised the cost to the property owners that have generally benefited more from the SUPP than they paid to have it installed.

Under the existing SUPP, major residential projects are funded by local governments (50 per cent, which is generally passed on to ratepayers), Western Power (25 per cent) and the State Government (25 per cent).

To date, the SUPP has been installed in some of Perth's higher house value suburbs (on average), which means that taxpayers have subsidised property owners living in these suburbs and in the ERA's opinion does not represent an efficient use of taxpayer funds.

It could be argued ratepayers in these suburbs would have chosen to pay for their entire share of the costs of undergrounding to gain additional property value. If this were the case, it is



Overhead power lines using wood poles

likely that more SUPP projects could have been provided to additional suburbs for the same amount of funding from public funds. Based on the proportion of benefits that has accrued to each party highlighted in the cost benefit analysis of the SUPP, the ERA has proposed a more flexible approach be adopted, where Western Power contributes an amount equal to the value of its avoided costs for each individual project area – on average between 15 and 35 per cent. The State Government's contribution could vary depending on the property values in each project area with households in higher property value areas paying more while households in areas of lower property values receiving an increased payment toward any SUPP project from Government.



State Underground Power

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The ERA has proposed an example of where the State Government could continue contributing 25-40 per cent of the cost of SUPP projects where the median house price is at or below the Perth median house price at the time when the projects are short listed. However, there is no justification (on efficiency or equity grounds) for the Government to continue to provide a 25 per cent contribution for high-value suburbs that benefit through substantial increases in house prices.

Consequently, the contribution from the State Government could then decrease as the median property prices increase, with the highest value suburbs receiving a State Government contribution of only 5 per cent. The funding contribution from local governments (through ratepayers) should be the residual of the total project cost of an area, after the variable contributions from Western Power and the State Government, to a maximum indicated by the proportion of quantifiable benefits to property owners. Participation in future SUPP programs is, as has been, dependent upon each local government agreeing to its roll-out in their area.

The ERA's proposed approach to the funding of the SUPP would also mean that more underground power projects could be undertaken for the same amount of funding from taxpayers if the State Government maintained the same level of funding that it currently provides for the SUPP.

The ERA would like to thank all who have made submissions and participated in the development of the ERA's recommendations in this final report. A copy of the final report is available on the ERA website.

Inquiry into the costs and benefits associated with the provision of shared corporate services within the public sector

The ERA released its final report on 7 July 2011, only six months after the State Treasurer asked the ERA to undertake an inquiry into the benefits and costs associated with the provision of shared corporate services within the public sector.

The ERA concluded that decommissioning Department of Treasury and Finance Shared Service Centre (DTFSSC) was the least cost and most certain option for delivering corporate services, across a range of assumptions.

The ERA report's key recommendations were that the current roll-in of further agencies into the DTFSSC ceases immediately and that the DTFSSC be decommissioned and responsibility for corporate services be returned to agencies.

First Assessment of WA Financial Hardship Policies

The ERA has recently published the first round of assessments of the financial hardship policies of electricity and gas retailers in Western Australia.

According to Assistant Director Customer Protection, Lanie Chopping, the public of Western Australia have, for the first time, access to clear information about the policies of all retailers in relation to how they will assist customers suffering from payment difficulties and financial hardship. "In particular, the

assessments give consumers in WA an idea of the extent to which the financial hardship policies of retailers (such as Synergy, Alinta Sales and Horizon Power) are compliant with the relevant laws and whether the policies are consistent with the good practice guidelines produced by the ERA," Ms Chopping said.



The Code of Conduct for the Supply of Electricity to Small Use Customers and the Compendium of Gas Customer Licence Obligations (Gas Customer Code), require electricity and gas retailers to have a legally based financial hardship policy.

The energy codes require that retailers undertake an annual review of their policy and submit the policy to the ERA for assessment.

In 2008 the ERA published the Financial Hardship Policy Guidelines for retailers regarding the requirements of the energy codes and information regarding

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good practice in the development and implementation of financial hardship policies.

This is the first year that the ERA has issued assessments and intends every second year to issue ongoing assessments unless there are significant changes to the licensees policy.

The inaugural assessment by the ERA found:

- All of the retailers' policies contained issues of concern in terms of compliance with the mandatory laws surrounding these policies and most lacked sufficient clarity. These issues were all addressed as part of the assessment process.
- None of the retailers had policies that were able to demonstrate complete consistency with the non-mandatory good practice identified in the guidelines. After feedback from the ERA a number of these issues have now been addressed or clarified.

"All licensees, with the exception of Synergy, still have work to do if they want to ensure that their policies are consistent with the good practice guidelines," according to Ms Chopping.

"The publication of these assessments is the first step, but for the policies to be effective they must be implemented by the retailers."

"The ERA will be looking at the extent to which the policies are implemented in the next round of performance audits," she said.

The following licensees have had their policies assessed by the ERA:

- Alinta Sales Pty Ltd
- Synergy

- Horizon Power
- Wesfarmers Kleenheat
- WorleyParsons Asset Management

A copy of each assessment and the policy is contained on the ERA's website.

The energy licensees specified above are the only energy licensees that currently supply to small use customers. Rottnest Island Authority, Clear Energy and Perth Energy also have approved standard form contracts to supply to small use customers, but are not required to have a policy as they do not currently supply residential customers.

Reviewable Audit Periods

Two water services licensees, Busselton Water and the City of Kalgoorlie-Boulder received disappointing reports on their asset management system reviews of their licences.

The review reports disclosed issues that the ERA has concerns about but at this stage the ERA does not consider that the issues merit taking more formal action. However, the ERA is keen to see the licensees promptly implement the actions in their post-review implementation plans that address the issues.

Both licensees have been asked to provide the ERA with a report on the progress made towards implementing the actions in the post-review implementation plans by 15 July 2012. If the report indicates the licensees have not made adequate progress then the ERA will consider reducing the period of time until the next review from the

current 24 months. The ERA published the revised Compliance Enforcement Guidelines in June 2011. A key principle in the Guidelines is that the ERA seeks to balance voluntary compliance with enforcement in its decision making processes. By providing the licensees with reasonable opportunity to address the issues disclosed in the review before taking enforcement action, the ERA is acting in a manner consistent with this principle.

Strategic Plan 2011 - 2013

The ERA is soon to release its new Strategic Plan for the next three financial years.

At the end of the new strategic cycle, the ERA wants to have greater confidence that:

- consumers of electricity, gas and water services are paying bills that reflect efficiently incurred costs;
- the services they receive are consistent with their expectations and willingness to pay;
- the contracts they enter into with their service providers are fair; and
- they have appropriate options should they experience difficulties in paying their accounts.

Also, when called on to provide advice to government, we want to ensure that our recommendations are well informed, rigorous and clearly communicated.

The ERA's Strategic Plan 2011-13 will soon be available on our website.



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New ERA team members



L-R: Rod Lake, Stefan Mero, Helen Ensikat, Anu Taskinen

Electricity, Gas and Water Licences - Application Guideline and Forms

On 31 October 2011, the ERA approved a revised Electricity, Gas and Water Licences - Application Guideline and Forms – September 2011 (Guideline).

The Guideline was first published in April 2006 and revised in 2008. Due to changes in legislative requirements and to keep pace with regulatory best practice, the Guideline has been updated.

The new version of the Guideline now includes:

- A requirement by applicants to provide an application summary that can be published upon receipt of the application. The intention of this summary is to provide the public with more accessible information about the proposed licence project;
- Updates to reflect changes in legislation and regulatory practice;
- More simplified financial and technical information requirements across the various types of licence applications; and
- Changes to agency contact details.

The Guideline has been reformatted and the forms revised to reflect these new changes. The approved Guideline can be accessed on the ERA's website and queries concerning the Guideline should be directed to the Assistant Director Licensing at the ERA.

Rodney Lake – Manager Projects, Access – joins the ERA with previous commercial/marketing experience in the WA gas industry, and is keen to experience the energy industry from the regulatory side.

Helen Ensikat – Manager Projects, Reference & Research - Helen has previously worked as an analyst in corporate finance at Ernst & Young. She has a background in the iron ore industry, and is a Chartered Accountant.

Stefan Mero – Analyst, Reference & Research – Stefan was previously with the Zoological Parks Authority where he was working as a Business Analyst, forecasting visitation and revenue and performing financial analysis.

Anu Taskinen – Project Officer, Licensing Monitoring & Customer Protection - joined the ERA in August. Anu has a background in research of built environment, and worked with an environmental and engineering consulting company in her native Finland.

Richard Begley – Principal Regulatory Adviser – has just commenced with the ERA. Richard was formerly a Senior Associate with the Perth office of economics consulting group ACIL Tasman where he specialised in the economics of energy and greenhouse.





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Industry briefs

Customer Protection

Customer Service Charters - Water

The ERA has approved the Shire of Morawa and Peel Water's customer service charters and is in the process of reviewing the proposed charters for the Shire of Koorda, the town of Peaceful Bay and Hamersley Iron.

Standard Form Contracts

In light of the recent changes brought about by the new Australian Consumer Law, the ERA has requested all gas and electricity retailers review their standard form contracts, contracts which are part of the licence condition for suppliers of energy to small use customers.

Such amendments to the contracts must be approved by the ERA and this has already been done for Alinta Sales, Wesfarmers Kleenheat Gas, Horizon Power and WorleyParsons Asset Management Pty Ltd's replacement standard form contracts. Perth Energy, Clear Energy, Rottnest Island Authority and Synergy's replacement standard form contracts are currently being reviewed and will be subject to public consultation.

Switched On – A guide for electricity and gas customers

In June 2011 the ERA launched the publication "*Switched On - a guide for electricity and gas customers*" on their rights and responsibilities.

Around 3,000 hard copies have been distributed and the web version is available free of charge on the ERA's

website which has already had more than 1,000 unique hits.

Financial Hardship Policy Assessments

Since mid 2010, all electricity and gas retailers are required to review their financial hardship policies annually and submit a copy of the guidelines and the results of the review to the ERA by 31 December each year.

The ERA has received and reviewed the financial hardship policies of all electricity and gas retailers. Copies of the documents are available on the ERA's website.

Gas Marketing Code of Conduct

The Authority is currently reviewing recent recommendations received from the Gas Marketing Code Consultative Committee's Final Review Report into a broad range of issues including consideration of whether any changes are required to the Gas Marketing Code of Conduct as a result other legislation including the new Australian Consumer Law.

Code of Conduct for the Supply of Electricity to Small Use Customers

The Electricity Code Consultative Committee's (ECCC) 2011 draft report on their review of the Code of Conduct for the Supply of Electricity to Small Use Customers is hoped to be published in mid-November this year. The ECCC next meet in early November.

Water Customer Code Development

The ERA is participating, in an observer capacity, on the Department of Water's Water Services Customer Code

Working Group. The group contains representatives from water licensees and consumer representative groups and is providing input to the Department of Water regarding the scope and content of the proposed code.

Contact: *Lanie Chopping*
(08) 9213 1928

Licensing

New Licences

In the last three months, the ERA has approved an electricity retail licence for EDL Pilbara Pty Ltd to supply a large use customer in the Maitland Industrial Park in the Pilbara and renewed Gas Trading Licence 10 for Wesfarmers Kleenheat Gas Pty Ltd.

The ERA has also suspended its assessment of Griffin Power 2 Pty Ltd's application for an electricity retail licence until the ownership of the company is finalised. Griffin Power 2 is seeking a retail licence to supply large use customers in the South West Interconnected System.

Amendments to Licences

The ERA is considering an amendment to the Water Corporation's water services operating licence. The Water Corporation is seeking changes to the performance standards for its farmland and rural waters services. The amendment proposal has attracted considerable public comment and the ERA is currently awaiting feedback from the Water Corporation on the public submissions received.



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Monitoring

Licence audits

Between August and October 2011, the ERA approved the reports on the performance audits and asset management system reviews of the following licences:

- Busselton Water – water supply licence;
- Western Power – transmission and distribution licence (audit);
- City of Kalgoorlie-Boulder – sewerage and non-potable water licence;
- Wesfarmers Kleenheat Gas – gas trading licence (audit);
- Rottneest Island Authority – electricity integrated regional licence; and
- Horizon Power – electricity integrated regional licence.

Reduction in regulatory reporting obligations for irrigators

Recent decisions by a National Water Initiative Agreement (NWIA) roundtable have streamlined required annual reporting needs for rural water services across Australia.

Western Australia is a signatory to NWIA and as such, has agreed to independently and publicly report on pricing and service quality of water service providers every year.

The ERA, along with the Department of Water, represents Western Australia on the Roundtable Group that oversees the production of the National Performance Reports (NPR) for urban and rural water services.

The NPR on rural water service providers

presents performance data for 13 service providers, including Harvey Water and Ord Irrigation Cooperative from Western Australia. The 13 service providers covered by the report account for approximately 90 per cent of rural water supply across Australia. The report covers performance indicators that span service characteristics, levels of service, environment and finance.

At the Roundtable Group workshop in March this year, a number of performance indicators that are of limited usefulness to stakeholders were identified and done away with, allowing a recommendation that the scope of some of the indicators to report on be redefined so that it is done on a whole of business basis, rather than on the basis of individual irrigation areas.

The ERA supports the streamlined reporting requirements for rural service providers as it is consistent with the ERA's goal of minimising regulatory compliance costs in the promotion of competitive outcomes.

Western Power 2011 performance audit findings and section 32 notice

On 17 October 2011, the ERA published the 2011 performance audit (audit) reports for Western Power's electricity distribution and transmission licences. In respect of the distribution licence, the audit report disclosed a total of 46 contraventions of the licence. Two contraventions were rated as being significantly non-compliant and these related to maintenance issues with the priority restoration register and issues with the recordkeeping of customers connected to the network. In respect of the transmission licence, the audit report disclosed a total of 28 contraventions of the licence. The 2011 audits were the

third consecutive unsatisfactory audits of the licences since 2008 (the previous audits were in 2008 and 2009).

After considering the audit findings the ERA considered that Western Power was not demonstrating an acceptable level of compliance with its licences and decided upon the following enforcement actions:

- Serve a notice on Western Power under section 32(1) (failure to comply with licence) of the *Electricity Industry Act 2004 (Act)*; and
- Reduce the period of time until the next audits of the licences from 18 months to 14 months.

On 17 October 2011, the ERA served a section 32 notice on Western Power requiring that eight contraventions of the licences be rectified by the dates specified in the notice. Of the eight contraventions listed in the notice, four related to contraventions of the Supply of Electricity to the Small Use Customers Code of Conduct and related to the areas of recordkeeping for connections, reconnections and customer complaints.

Four of the contraventions listed in the section 32 notice related to contraventions of the *Electricity Industry Metering Code 2005* and related to the validation of energy data.

If Western Power does not rectify the contraventions by the dates specified in the notice (the latest being 30 April 2012), then the ERA may take one or more of the following actions:

- Serve Western Power with a letter of reprimand;
- Order Western Power to pay a monetary penalty fixed by the Authority but not exceeding \$100,000; and/or

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- Cause any or all of the contraventions to be rectified to the satisfaction of the ERA, at the expense of Western Power.

Contact: Paul Reid
(08) 9213 1976

Access (Rail)

Amendments to Railway Owners' Part Five Instruments

The Authority has recently reduced the regulatory burden faced by railway owners by changing the minimum requirements for railway owners to submit regulatory costs for approval, such that they are more closely aligned with those laid out in the *Railways (Access) Code 2000* (Code).

The changes to the Authority's requirements for railway owners to submit floor and ceiling cost proposals were published on 25 August 2011. Railway owners' Costing Principles and Over-payment Rules must be amended to reflect these changed requirements.

The ERA is currently working with all railway owners to amend their regulatory instruments to reflect these changes and also to reflect recent amendments to the Code. The Code amendments were gazetted on 23 September 2011 and enable railway owners to include capital and operating costs associated with land in their proposals for regulatory costs, which determine limits for revenue recovery.

Contact: Jeremy Threlfall
(08) 9213 1967

Access (Electricity)

Western Power's proposed revised Access Arrangement

The ERA has begun a substantial review of proposed new access arrangements for the Western Power network, a process which includes a public forum and calls for public submissions.



ERA receives Western Power's Access Arrangement submission. L-R: Robert Pullella, Sally McMahon (Western Power), Michael Harris (Western Power), Elizabeth Walters and Tyson Self

Western Power is able to propose new access arrangements to its power grid and this will be the third put forward, to be known as AA3, and will run from July 2012 through to June 2017. The current AA2 arrangement will likely last the remainder of the 2011/12 financial year.

An access arrangement includes terms and conditions, including prices for services, typically sought by third parties seeking access to the service provider's network.

The ERA's role is to scrutinize the Western Power proposal and call for public and industry specific stakeholder input on the proposal. On 7 October 2011, the ERA published Western Power's proposed revisions and invited public

submissions on the proposals by 4:00 pm (WST) on 21 November 2011.

To help interested parties prepare submissions, the ERA will publish an issues paper by 7 November 2011. The issues paper will include additional details of the ERA's review and approval process. The ERA will also hold a public forum on 14 November 2011 regarding the proposed access arrangement revisions. Registrations for the public forum close at 4:00 pm (WST) on 4 November 2011.

For further information on the ERA's assessment of Western Power's proposed revisions including further details on the public forum please refer to the ERA's website.

Western Power - Technical Rules

The ERA published its review of Western Power's Technical Rules on 16 August 2011. The review incorporated advice from the ERA's Technical Rules Committee and the ERA's technical consultants.

These Technical Rules cover the South West Interconnected Network and detail the technical requirements to be met by Western Power on the transmission and distribution systems and by users who connect facilities to the transmission and distribution systems.

In addition, Western Power's planning criteria to be applied to the transmission and distribution systems are contained within these rules.

Proposed revisions to Western Power's Technical Rules were published at the same time as the ERA's review and interested parties were invited to comment.

The public consultation closed on

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12 September and the ERA will publish a decision on the proposed revisions in November. On 29 September 2011 the ERA published an update received from Western Power notifying the ERA of exemptions granted to its Technical Rules.

Mid West Energy Project (Southern Section) New Facilities Investment Test Assessment

Under the *Electricity Networks Access Code 2004* (Access Code) the ERA is responsible for assessing the capital investments that service providers make in respect of their covered (regulated) electricity networks.

Service providers (such as Western Power) generally seek to recover the cost of investments in their covered network through network charges that are regulated by the ERA and paid by third parties who connect to and use the network.

The "new facilities investment test" determines whether, or to what extent, investments can be added (rolled in) to the capital base of the covered network and recovered through network charges. Under the Access Code, a service provider may at any time apply to the ERA to conduct a new facilities investment test in relation to actual or forecast investments.

On receiving a new facilities investment test application, the ERA must make and publish a determination within a reasonable time after having consulted with the public. The new facilities investment test is not required to enable a service provider to proceed with an investment but can provide more certainty to the service provider that the

investment can be recovered through network tariffs.

In August 2011, Western Power submitted a new facilities investment test application for the Mid West (Southern Section) network augmentation. The project is estimated to cost \$383.4 million and involves the construction of a double circuit 330 kV transmission line between Neerabup and Three Springs and a new terminal station interconnecting the 132 kV and 330 kV transmission systems at Three Springs.

On 26 August 2011, the ERA published an issues paper and sought public comment on Western Power's new facilities investment test application. The ERA is assessing Western Power's application, along with public submissions received during the consultation period. The ERA will release a draft decision on the new facilities investment test application in early November 2011.

Contact: *Elizabeth Walters*
(08) 9213 1900

Access (Markets)

2011 Minister's Wholesale Electricity Market Report

The ERA provided its 2010 Wholesale Electricity Market Rules Minister's Report to the Minister in May 2011 and released a public version of that report in August 2011 (refer to story on page 2)

Contact: *Chris Brown*
(08) 9213 1900

References and Research

Inquiry into State Underground Power Program Cost Benefit Study

The ERA submitted its final report to the Treasurer for the inquiry into the costs and benefits of the State Underground Power Program on 30 September 2011 (refer to story on page 3).

Contact: *Sara Procter*
(08) 9213 1900

Inquiry into the Efficiency of Synergy's Costs and Electricity Tariffs

The ERA has been requested by the State Treasurer to inquire into the efficiency of the State's largest energy retailer Synergy's costs and electricity tariffs.

On receiving the request in July this year, the ERA published an issues paper in August to help interested parties understand the matters under review and to facilitate public submissions up until 9 September.

With seven submissions received, the ERA intends publishing a draft report by the end of the year and to call for additional public submissions before providing a final report to the Treasurer by 1 June 2012.

Contact: *Helen Ensikat*
(08) 9213 1900

Inquiry into the funding arrangements of Horizon Power

The ERA submitted its final report to the Treasurer for the inquiry into the funding arrangements and operating and capital expenditure programmes of Horizon Power on 18 March 2011.

Contact: *Sara Procter*
(08) 9213 1900