

**CONFIDENTIAL**

12 December 2011

Lyndon Rowe  
Chairman  
Economic Regulation Authority  
Level 6, 197 St Georges Terrace,  
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Dear Lyndon

### **Submission for New Facilities Investment Test for the Mid West Energy Project (Southern Section)**

ACIL Tasman is currently undertaking work for an international investor who is pursuing a gas-fired generation project in the Mid West. The project would utilise the proposed 330kV transmission line from Eneabba to Perth to export its energy to its customers.

The proposed project is not dependent upon the development of the iron ore processing projects in the mid west. The project will not proceed without the proposed 330kV line, since the existing 132kV based infrastructure cannot support the transfer of electricity at the scale required to make the generation project viable. Thus, the generation project is entirely dependent on the successful implementation of the Mid West Energy Project (MWEP).

The data and forecasts published by the IMO clearly indicate the need for additional generation in the SWIS during the current decade. With the increasing difficulties facing coal fired generation south of Perth, it is timely and necessary to provide transmission capacity in the SWIS for new gas fired generation based north of Perth. We see this as one of the principal reasons for building a 330kV line to the north of Perth, to allow gas fired generation to locate in this relatively sparsely populated area, with access to the DBNGP for fuel supply, and transmission access to the metropolitan area. Without this transmission line, new large scale generation is destined to be located around the existing 330kV transmission network, with the attendant difficulties of finding suitable sites in outer metropolitan areas.

The proposed generation project in the mid west has benefits for all consumers in the SWIS, not just for the mid west iron projects.



**ACIL Tasman**

Economics Policy Strategy

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I would be happy to elaborate on our view of the necessity and justification for the construction of this transmission line if necessary.

Yours sincerely,

Mark Chatfield  
Executive Director  
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