

12 December 2011

Mr Tyson Self
Manager Projects Access
PO Box 8469, PERTH BC WA 6849
Level 6, 197 St Georges Terrace, PERTH WA 6000
Email: publicsubmissions@erawa.com.au

Dear Mr Self

Re - New Facilities Investment Test (NFIT) Application for the Mid West Energy Project (Southern section)

Alinta Energy recently attended the stakeholder forum meeting on the Mid West Energy Project (MWEP) held on 1 December 2011. The meeting has provided Alinta the opportunity to better understand the views of stakeholder issues associated with the Economic Regulation Authority (ERA) draft NFIT decision on the MWEP.

Alinta notes the objective of the Electricity Network Access Code 2004 (Code), in particular that the Code should promote competition in markets upstream and downstream of the network. Alinta's view is that the MWEP, as proposed, better facilitates this objective.

Alinta acknowledges and understands that the NFIT places obligations on the ERA and Western Power, and that the ERA's view that *"existing customers should not be exposed to an unacceptable risk of increased charges, with potentially no commensurate benefit"*. The meeting highlighted, as did the draft determination that more work is required to ensure that the full value proposition of MWEP is fully understood.

In light of the ERA's decision to exclude mining projects not yet fully committed, Alinta believes that there would be value if Western Power proceeded to adjust its NFIT analysis to reflect this exclusion and any additional value that may be added by reviewing all net benefits from the project in its re-submission.

Alinta also considers that further merit will be added to the process if the ERA and Western Power ensured that industry is provided with the precise amount of the proposed investment to meet the NFIT. Alinta expects that the additional information would compliment and clarify future assessment of the long term development opportunities in the region.

While the Code refers predominantly to benefits within the electricity sector, there are likely to be wider benefits from an economic development perspective for the region and the State. The State may inturn consider partially funding this project from a State development perspective.

Alinta also considers once this information becomes available it would form a key input and basis for the future development of the Mid-West region by the relevant Government Agencies and industry participants.

If you would like to discuss Alinta's views I can be contacted on 9486 3407.

Yours sincerely

A black rectangular box redacting the signature of Nenad Ninkov.

Nenad Ninkov
General Manager WA Energy
Alinta Energy.