



23 May 2012

Tyson Self
Manager Projects Access
Economic Regulatory Authority (ERA)
Level 4, Albert Facey House
469 Wellington St
Perth WA 6000

Email: publicsubmissions@erawa.com.au

Dear Mr Self,

DRAFT DECISION – WESTERN POWER's PROPOSED ACCESS ARRANGEMENT AA3

I refer to the ERA's draft decision dated 29 March 2012 on Western Power's proposed Access Arrangement AA3. ERM Power supports the majority of conclusions contained in the ERA's draft decision and believes they have addressed most of the concerns raised in our submission to the ERA on this matter.

However, one of the major concerns raised by ERM Power that was not addressed in the draft decision relates to a fundamental flaw in the current and proposed AA3 access arrangements where Western Power allocates a figure of 20% of the total transmission use of system (TUOS) charges to generators. There are a number of reasons why the recovery of any portion of the TUOS charges from generators is flawed. These reasons include;

- a. The recovery of the TUOS charges from generators seems structurally inefficient as generators will pass these on to the retail loads.
- b. The TUOS charges do not fund network augmentations for new generators;
- c. The TUOS charges should be passed on to beneficiaries of the capacity and energy generated which are retail customers and loads; and
- d. TUOS charges on generators were rejected by the Australian Energy Market Commission (AEMC) when it reviewed the issue in 2009 and it is not a feature of the National Electricity Market.

ERM Power strongly recommends that the ERA amend its draft determination and remove the allocation of all TUOS charges to generators in the proposed AA3 access arrangement.

Please don't hesitate to contact me on 9481 1100 should you wish to further discuss the matter.

Yours sincerely,

Tony Petersen
WA Director
ERM Power Limited