

# Community Electricity

## Submission in Response to ERA Public Consultation

### New Facilities Investment Test Application for a 132-66/11 kV Medical Centre Zone Substation

#### Standing

Community Electricity (“Community”) is a member of the IMO’s Market Advisory Committee (MAC) and the ERA’s Technical Rules Committee.

Community has no commercial interest in the Authority’s determination on this matter.

#### Assessment

Community notes that:

- The existing Medical Centre zone substation is forecast to be non-compliant with the N-1 reliability requirement within the Technical Rules by 2016.
- Under Western Power’s long term strategic plan for the Western Terminal development area, the proposed project is scheduled for completion in 2016.
- The QEII Medical Centre is undertaking a major redevelopment and expansion programme which will require:
  - upgrading of the High Voltage distribution network from 6.6 kV to 11 kV by June 2014; and
  - an increase in the present electrical requirement of 12.5 MVA to 27.5 MVA by 2020
- Western Power’s proposed solution is to establish a new 132-66/11 kV Medical Centre zone substation comprising three 33 MVA transformers energised at 66 kV initially, to be converted to 132 kV in 2018.
- Western Power’s application is confined to the following project elements:
  - Two of the three 33 MVA transformers;
  - the transfer of load from the existing 66/6.6 kV Medical Centre to the new substation;
  - upgrading the operating voltage from 6.6 kV to 11 kV;
  - decommissioning of the 66/6.6 kV Medical Centre zone substation;
- Western Power’s application excludes the following project elements:
  - The third of the three 33 MVA transformers;
  - the transfer of load from the existing University zone substation to the new substation;
  - decommissioning of the University zone substation;

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- Western Power proposes to charge the User \$1.63 million, comprising \$1.22 million relating to User connection works at the zone substation and \$0.41 million relating to the financial costs of bringing forward the investment relating to distribution shared works;
- Western Power proposes that the remainder of the project cost (\$27.21M) satisfies the New Facility Investment Test and should therefore be added to the Capital Base.

**Submissions are invited from interested parties on whether Western Power has adequately established that the forecast of new facilities investment, for the proposed investment, does not exceed the amount that would be invested by a service provider efficiently minimising costs.**

Given the technical and esoteric nature of the studies involved, Community accepts in good faith that Western Power has reasonably and properly assessed the range of potential solutions and determined the most efficient choice.

**Submissions are invited from interested parties on Western Power's position that the proposed investment is necessary to maintain network safety and therefore the investment (discounted for bringing forward construction by two years) should satisfy the requirements of the safety and reliability test.**

Community supports Western Power's claim that the proposed investment has merely been brought forward and that, in effect, all approvals that are in place for the planned augmentation can reasonably be inferred to be in place for the expedited augmentation given the changed circumstances.

**Submissions are invited from interested parties on Western Power's assessment of the incremental revenue test arising from the proposed augmentation. In particular they may wish to consider:**

- **Western Power's assessment that bring-forward costs on the distribution network do not meet the incremental revenue test;**
- **the time period over which the revenue has been forecast; and**
- **the tariffs used to forecast revenue.**

Community supports Western Power's assessment in respect of the incremental revenue test on the grounds that it used its standard capital contribution spreadsheet and a 15 year term.

**Submissions are invited from interested parties on Western Power's position that the proposed investment does not satisfy the requirements of the net benefits test.**

Community supports Western Power's assessment that the proposed investment will not create indirect generic benefits for other network users.

## Contact

For further information or comment, please contact:

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