

16 June 2014

Economic Regulation Authority
Att: Assistant Director Licensing
Email: publicsubmissions@erawa.com.au

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Dear Sir/Madam,

Submission on Alinta Energy's Application for an Integrated Regional Licence

Horizon Power notes Alinta Energy's Application for an Integrated Regional Licence (the Application) to supply electricity to large use customers in the Pilbara region of Western Australia. Horizon Power's submission refers only to Horizon Power infrastructure in the Pilbara, and not pertaining to any other parties who own electricity infrastructure in the Pilbara.

Horizon Power further notes Alinta Energy's reference to an access arrangement facilitating the transfer of energy through the Pilbara electricity network. However, Horizon Power advises that the access agreement is limited and there is further development and investment required to implement the necessary arrangements.

Horizon Power would like to note the following.

1. There are no formal electricity market structures in the Pilbara.
2. The Pilbara is not covered by *Electricity Network Access Code 2004* (ENAC), therefore, there is no economic regulation of transmission owners in the Pilbara (including Horizon Power).

Horizon Power does not have a range of other mechanisms required by the ENAC including:

- a. Ring fencing of the Pilbara network business from other aspects of Horizon Power
- b. Queuing policy to prioritise multiple access applications
- c. Regulatory Tests for new investments

At this time Horizon Power has no plans to implement these requirements due to the significant cost burden they represent.

3. Horizon Power is connected to other networks in the Pilbara that are subject to neither economic nor technical (licence) regulation. These network are maintained and operated independently of Horizon Power but can affect the power supply service standards on the Horizon Power network. As such, as a network service provider, Horizon Power cannot meet the technical service standards inherent in an Access Arrangement under the ENAC.

4. Horizon Power has not developed some of the mechanisms required to implement the standard Network Access Contract and these will take some time to establish. Further, the costs for development of these supporting mechanisms are not included within the existing Horizon Power budget expenditure.
5. In addition, the Horizon Power access agreement has limited ability to manage load imbalances or the sharing of meter data.

If you require any further information, please contact [REDACTED], Manager
NWIS Commercial & Retail on [REDACTED]
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Regards

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Horizon Power