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Economic Regulation Authority
PO Box 8469
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Attn: Lincoln Flindell, Manager Projects (ERA)

RE: APPLICATION FOR AN EXEMPTION FROM CERTAIN REQUIREMENTS OF THE TECHNICAL RULES SUBMITTED BY WESTERN POWER - WAGIN SUBSTATION WEAK IN-FEED

The development of the oat husk fuelled bioenergy cogeneration plant for Morton Seed & Grain at Wagin is a key milestone for both the food processing industry in Western Australia and the bioenergy industry in Australia. The importance of this project is reinforced by the support provided by both the Western Australia state government through the Low Emissions Energy Development Fund and the Australian Federal government via the Clean Technology Food and Foundries Investment Program (CTFFIP).

Many tangible wider benefits are expected to be realised as a result of the project:

- the use of agricultural by-products to reduce operational costs (fuel for steam production and electricity) ensures the long term competitiveness of on-shore manufacturing in Australia
- long term job security and wealth creation in Western Australia's regional areas
- this plant forms a key reference project for potential biomass based renewable energy projects being considered by other businesses
- provides proof that innovative energy solutions can be good for the environment and good for the long term bottom line of Australian business

Due to the current state of the Western Power network in Wagin, connection of the generator to the Western Power network causes a violation of the Technical Rules. Despite this situation, the exemption request submitted by Western Power indicates that the operation of the generator on the network does not add significantly to present levels of risk.

In addition to this, the proposed impact is even lower considering the following key factors:

- The likelihood of a fault actually occurring is very low
- The proposed inter-trip reduces the likelihood of the generator contributing to fault event even further
- Reverse power protection and the nature of the induction machine ensure the generator would not contribute to a fault for more than 1s
- The substation is to be upgraded to a state of compliance in the near future

If for some reason the exemption request was not granted the project would become non-viable since the cost to upgrade the substation to comply with current standards would be more than half of the total project value.

In accordance with Western Power's recommendation it is our recommendation that this Technical Rules exemption should be granted.

The Shire of Wagin is very keen for this project to proceed as the benefits and opportunities for this community are great. The benefits include additional jobs for local people and the opportunities include desalinated water for shire use as well as potential for aquaculture and horticulture projects becoming a possibility.

Yours faithfully

Peter Webster
CHIEF EXECUTIVE OFFICER

1st July 2015