



# Notice

14 November 2017

## **Proposed Revisions to the Western Power Network Access Arrangement 2017/18 to 2021/22**

### **WESTERN POWER REVENUE MODEL PUBLISHED**

The Economic Regulation Authority (ERA) has published Western Power's [revenue model](#) to help interested parties to understand the calculations underlying the revenue Western Power is seeking in its proposed revisions to its access arrangement.

The ERA has also corrected some of the tables it published in the [Issues Paper](#) on 31 October 2017.

The amendments to the tables are shown in [Attachment A](#) to this notice.

The ERA published Western Power's [proposed access arrangement revisions](#) on 6 October 2017.

The deadline for submissions is 4:00pm (WST), Monday, 11 December 2017. Submissions should be made online at [www.erawa.com.au/consultation](http://www.erawa.com.au/consultation)

For further information contact:

**Media Enquiries**

Sinéad Mangan

Work: 08 6557 7912

Mobile: 0428 859 826

Email: [communications@erawa.com.au](mailto:communications@erawa.com.au)

# Updated Issues Paper Tables

# Attachment A

**Table 3 AA4 Proposed target revenue for the transmission network (\$ million real at June 2017)**

	2017/18	2018/19	2019/20	2020/21	2021/22	Proposed AA4 Total	Approved AA3 Total
Operating costs	93.84	84.17	83.15	84.56	84.55	430.28	578.57
Depreciation	113.68	117.21	126.85	138.25	144.29	640.28	562.15
Accelerated depreciation (redundant assets)	-	-	-	-	-	-	-
Return on regulated asset base	137.09	139.37	143.46	148.66	152.06	720.65	592.44
Return on working capital	1.10	1.50	1.64	1.77	2.00	8.00	4.85
Taxation	-	-	-	-	8.28	8.28	<del>59.05</del> <u>57.7</u>
<b>Forward looking efficient cost</b>	<b>345.71</b>	<b>342.25</b>	<b>355.10</b>	<b>373.23</b>	<b>391.19</b>	<b>1,807.49</b>	<del><b>1,797.05</b></del> <u><b>1,795.71</b></u>
Investment Adjustment Mechanism	-33.58	-	-	-	-	-33.58	-52.50
Service standard adjustment mechanism	13.40	-	-	-	-	13.40	6.76
Unforeseen events	5.52	-	-	-	-	5.52	-
D-factor	-	-	-	-	-	-	-
Gain sharing mechanism	<del>18.22</del>	<del>19.34</del>	<del>21.58</del>	<del>22.50</del>	<del>22.05</del>	<del>103.69</del>	-
Deferred revenue recovery	<del>4.75</del>	<del>4.75</del>	<del>4.75</del>	<del>4.75</del>	<del>4.75</del>	<del>23.77</del>	<u>20.99</u>
K Factor	1.23	-	-	-	-	1.23	29.20
<b>Total Revenue Building Blocks (unsmoothed)</b>	<b>355.26</b>	<b>366.35</b>	<b>381.44</b>	<b>400.48</b>	<b>417.99</b>	<b>1,921.52</b>	<del><b>1,801.51</b></del> <u><b>1,800.16</b></u>

**Table 4 AA4 Proposed target revenue for the distribution network (\$ million real at June 2017)**

	2017/18	2018/19	2019/20	2020/21	2021/22	AA4 Total	AA3 Total
Operating costs	292.51	268.33	266.53	272.63	274.78	1,374.78	1,922.38
Depreciation	263.62	280.83	295.17	298.27	289.11	1,427.01	1,260.28
Accelerated depreciation ( <del>redundant assets</del> )	-	-	-	-	-	-	4.31
Return on regulated asset base	255.42	266.18	276.65	288.13	293.95	1,380.34	929.24
Return on working capital	7.12	6.91	7.19	7.25	7.51	35.98	15.05
Taxation	48.14	56.33	60.84	58.04	56.02	279.36	<del>-207.86</del> <u>209.7</u>
<b>Forward looking efficient cost</b>	<b>866.82</b>	<b>878.58</b>	<b>906.38</b>	<b>924.31</b>	<b>921.38</b>	<b>4,497.46</b>	<del>4,339.12</del> <u>4,340.96</u>
Investment Adjustment Mechanism	-5.89	-	-	-	-	-5.89	2.12
Service standard adjustment mechanism	241.70	-	-	-	-	241.70	27.03
Unforeseen Events	14.19	-	-	-	-	14.19	-
D-factor	8.78	-	-	-	-	8.78	-
Gain sharing mechanism	36.39	37.51	34.83	13.32	46.89	168.93	-
Deferred revenue recovery	37.72	37.72	37.72	37.72	37.72	188.58	169.06
K factor	36.56	-	-	-	-	36.56	54.15
Tariff Equalisation Contribution	164.31	169.40	154.28	147.11	148.42	783.52	984.88
<b>Total Revenue Building Blocks (unsmoothed)</b>	<b>1,400.57</b>	<b>1,123.20</b>	<b>1,133.20</b>	<b>1,122.45</b>	<b>1,154.41</b>	<b>5,933.83</b>	<del>5,576.37</del> <u>5,578.2</u>

**Table 12 Transmission regulated asset base (real \$ million at June 2017)**

	2017/18	2018/19	2019/20	2020/21	2021/22	AA4 Total	AA3 Total
Opening RAB	3,131.8	3,183.9	3,277.4	3,396.1	3,473.8	3,131.8	2,816.7
Net capex	165.8	210.7	245.6	216.0	212.7	1,050.8	1,683.8
Depreciation	(113.7)	(117.2)	(126.8)	(138.2)	(144.3)	(640.2)	<del>(642.2)</del> <u>(562.2)</u>
<u>Accelerated Depreciation</u>							=
Closing RAB	3,183.9	3,277.4	3,396.1	3,473.8	3,542.2	3,542.2	<del>3,858.3</del> <u>3,938.3</u>

**Table 13** Distribution regulated asset base (real \$ million at June 2017)

	2017/18	2018/19	2019/20	2020/21	2021/22	AA4 Total	AA3 Total
Opening RAB	5,834.9	6,080.8	6,320.0	6,582.2	6,715.3	5,834.9	4,248.7
Net capex	509.5	520.0	557.4	431.3	445.7	2,463.9	3,476.1
Depreciation	(263.6)	(280.8)	(295.2)	(298.3)	(289.1)	(1,427)	<del>(1,274)</del> <u>(1260.1)</u>
<u>Accelerated Depreciation</u>							<del>(13.9)</del> <u>(4.31)</u>
Closing RAB	6,080.8	6,320.0	6,582.2	6,715.3	6,871.8	6,871.8	<del>6,450.8</del> <u>6,460.39</u>