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11th December 2017

To Senéad Mangan

Subject: Proposed Revisions to the Western Power Network Access Arrangement – AA4

Thank you for the opportunity to comment.

My comments to Issues 16 and 19 of the Issues Paper are attached to this submission.

The key aspect is the distinction between reactive energy kVArh and reactive demand kVAr.

Yours faithfully,

Continued on Attachment

Attachment: Stephen Davidson's Comments on Issue 16 and 19

Issue 16

Submissions are invited from interested parties on the proposed amendments to clause 7.3.7 of the access arrangement to change the investment categories subject to the Investment Adjustment Mechanism as follows:

- remove distribution wood pole management;
- remove the Rural Power Improvement Program; and
- include provision of metering installations on the distribution system from 1 July 2017.

Submission on 7.3.7(e) Metering Installations

7.3.7(e) Metering Installations

I strongly object to metering installations that cannot measure reactive consumption: reactive energy kVAh and reactive demand kVA.

The availability of these functions in the electronic meters would enable better to achieve the objectives of the Access Code 2004 and reduce the cost of electricity to those consumers which comply with the Technical Rules.

Namely, the implementation of this suggestion would enable reactive consumption to be measured and charged to consumers who excessively use it.

Issue 19

Submissions are invited from interested parties on Western Power's proposed amendments to the D-factor scheme to enable it to lodge an application during the access arrangement period for a determination on whether expenditure satisfies the D factor noncapital costs test. In particular, the ERA is interested in views on whether these amendments are necessary to ensure Western Power chooses the overall least cost option when choosing between capital and non-capital solutions.

Submission on choosing between capital and non-capital solutions

9.2.1 Western Power's obligation to minimize the cost of capital investment

This clause is incomplete, as it does not include Western Power's explicit obligation to first determine the minimum capital cost solution (regardless where the cost falls, and on which side of the connection point the equipment (needed to ensure compliance with the Technical Rules) will be located (on the customer's side or on the Western Power's side), before comparing it against a non-capital solution.

I suggest that wording to the above effect be inserted in the AA4, something like:

"It should be mandatory that Western Power chooses the overall least cost option for each capital investment before considering alternative non-capital solutions".