

Economic Regulation Authority
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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 21 and 22 of the Issues Paper are attached to this submission.

The objective of my comments is to minimize the cost of electricity to the large and small consumers, regardless where these cost savings fall. My focus is on elements of the proposed AA4 design, the changes of which would in my opinion, lead to the quickest reduction of the price of electricity to WA consumers and a fairer allocation of costs to causers, decision makers and beneficiaries of these decisions.

Yours faithfully,

Continued on Attachment

Attachment: Stephen Davidson's Comments on Issue 21 and 22

Issue 21

Submissions are invited from interested parties on the proposed amendments to the trigger events included in clause 8.1.2 of the access arrangement, particularly the addition of "government energy reforms" as a specific trigger event.

Submission on Trigger Events

8.1.2 Definition of trigger events

Add a new paragraph at the end of clause 8.2.1 (or add new clause 8.1.2, and renumber the remaining clause into clause 8.1.3) describing exclusions for the trigger event, to the effect of: *"A trigger event excludes without limitation any action, inaction or exercise of its discretion granted to Western Power under the Technical Rules the consequences of which result in an increased electricity prices to residential, small business, small commercial and other consumers of electricity, that could have been avoided otherwise."*

Issue 22

Submissions are invited from interested parties on:

- the operation of the access arrangement provisions for supplementary matters during AA3;
- Western Power's proposed revisions for AA4; and
- whether any revisions are needed in addition to those proposed by Western Power.

Submission on supplementary matters - 9.2 Line losses

9.2.1 Western Power's obligation to minimize line losses

This clause is incomplete as it does not cover the whole SWIN.

Qualify the 1st sentence by adding the qualifier to the following effect: *" , for parts of the transmission system covered under the Wholesale Electricity Market Rules (WAEMR)."*

Clarify the intended meaning of the opening phrase, 1st sentence, "Requirements for the treatments of line losses ...", as it is not self explanatory.

Add the following new paragraph at the end of clause 9.2.1:

"It is obligation of Western Power to minimize line losses on the distribution system and on parts of the transmission system covered under Chapter 5 of the Technical Rules (which is not covered by the WAEMR), in order to minimize the cost of electricity to transmission and distribution users".

Submission on supplementary matters - 9.4 Ancillary services

9.2.1 Western Power's obligation to minimize the quantity of ancillary services and cost of operation of the WEM

It is inappropriate to delete this clause, because Western Power should be accountable for any indirect increase of costs of electricity to transmission and distribution consumers it causes, via increasing the aggregate cost of operation of the Wholesale Electricity Market (WEM) under the Wholesale Electricity Market Rules.

Reinstate **section 9 Ancillary services** and **clause 9.4.1** worded to the following effect:

“Western Power should be accountable for any indirect increase of costs of electricity to transmission and distribution consumers it causes, via increasing the aggregate cost of operation of the Wholesale Electricity Market (WEM) under the Wholesale Electricity Market Rules.

Western Power's obligation includes without limitation any action, inaction or exercise of its discretion granted to Western Power under the Technical Rules the consequences of which result in an increased electricity prices to residential, small business, small commercial and other consumers of electricity, that could have been avoided otherwise.”