

Our ref: 46616263
Contact: Wayne Trill

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Sara O'Connor
Assistant Director, Market Regulations
Economic Regulation Authority
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Dear Sara

ERA Issues Paper on AEMO's Allowable Revenue and Forecast Capital Expenditure for 2016/17 to 2018/19 – Forecast Capital Expenditure Adjustment

Western Power welcomes the opportunity to submit a response to the ERA on its issues paper on AEMO's Allowable Revenue and Forecast Capital Expenditure for 2016/17 to 2018/19 – Forecast Capital Expenditure Adjustment. Our submission is limited to issues three and four raised in the issues paper regarding the implementation of AEMO's Energy Management System and the transfer of system management IT functionality from Western Power to AEMO's own platform.

Issue 3 – Implementation of Energy Management System

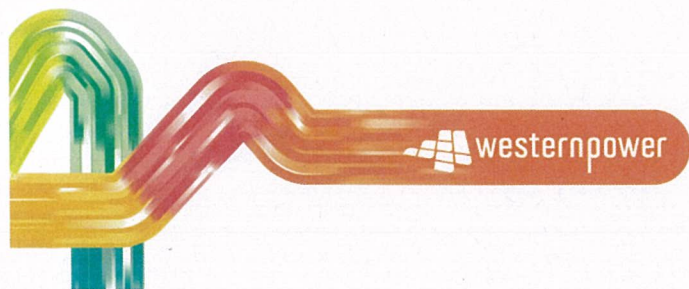
Western Power supports AEMO's plans to cease relying on Western Power's energy management system, the XA/21 platform, and implement its own energy management system. This will remove the need for AEMO to use the East Perth facility as a back-up facility, and remove the costs associated with Western Power maintaining the XA/21 platform and the back-up facility.

Issue 4 – System Management Systems Transition

Western Power supports AEMO's plans to transition legacy system management IT systems from Western Power to AEMO during the AR4 period. We agree with AEMO's view that it would not be prudent to further delay the transition of those systems.

Western Power will support AEMO with the transition by continuing to provide the required services under the current services agreement until its expiry on 31 March 2019. Western Power also intends to assist with the transfer of all remaining System Management IT functionality from Western Power to AEMO by late 2019, to be covered by a new services agreement.

Western Power is of the view that, as the critical IT systems are reaching their end-of-life, it is vital that the transition is completed by late 2019 and that the duration of the new services agreement is kept to a minimum. Additionally, AEMO's estimated systems transition completion date is in line with Western Power's plans to commence the decommissioning of its East Perth back-up facility.



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Western Power is unable to comment on the reasonableness of AEMO's forecast capital expenditure for the systems transition. However, to achieve the least cost option, it would be prudent to finalise the systems transition as soon as possible.

If you have any queries please contact Wayne Traill on (08) 9326 6794.

Yours sincerely



Margaret Pyrchla
Head of Regulation and Investment Management