

Our ref: 48559763

15 April 2019

Ms Jenness Gardner
Chief Executive Officer
Economic Regulation Authority (ERA)
PO Box 8496
PERTH BC WA 6849

Dear Ms Gardner,

AEMO Proposal – 2019-22 Allowable Revenue and Forecast Capital Expenditure

Thank you for the opportunity to comment on the Australian Energy Market Operator (AEMO) 2019-2022 Allowable Revenue and Forecast Capital Expenditure proposal.

The Western Australian Government's Electricity Sector Reform Initiatives represent a coordinated response to the transformation already occurring in the South West Interconnected System. One of the key reform initiatives is the Public Utilities Office Wholesale Electricity Market (WEM) reform program, which will introduce a range of amendments to support the changing generation mix in the WEM. Western Power recognises the need for WEM reform and has been an active participant and supporter of the reform process. We believe that it is a vital activity that will improve the operation of the WEM.

Western Power recognises that AEMO will need to invest in systems, processes, and people to be ready for new WEM requirements when they come into operation. Though Western Power has not analysed the specific amounts being requested, we support AEMO being able to have adequate funding to implement the reform outcomes. Therefore, Western Power supports an administratively simple determination process provided there is an appropriate adjustment mechanism such that revenue in future determinations can be reduced should the expenditure no longer be required. This approach would ensure that market participants do not pay more than is necessary.

Should you have questions or require additional information relating to our comments, please contact Economic Regulation Manager Matthew Veryard at [REDACTED] or [REDACTED].

Yours sincerely

[REDACTED]

Margaret Pyrchla
Head of Regulation and Investment Management



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