



Notice

15 October 2021

Guideline on Western Power's capital expenditure and net benefits

Consultation paper

The Economic Regulation Authority is seeking views on a guideline on factors the ERA proposes to consider when approving Western Power's capital expenditure and methods that can be used to value net benefits.

The guideline is a new requirement under the *Electricity Networks Access Code 2004*. It must include:

- The factors the ERA proposes to consider when making a determination under the new facilities investment test set out in section 6.52 of the Access Code.
- Acceptable methods for valuing net benefits by a service provider, which must include, consideration of changes in costs and benefits for participants in the Wholesale Electricity Market.

The new facilities investment test is a determination of whether expenditure can be added to the capital base of the covered network and recovered from network users through regulated tariffs.

The test includes provisions to approve expenditure that provides a "net benefit" in the covered network that justify the approval of higher tariffs.

The ERA has published a [consultation paper](#) setting out the proposed guideline. The ERA is asking stakeholders to consider whether any modifications or additions are needed to the factors or methods proposed, and if so, to provide suggested changes and reasons for their view.

The ERA intends to publish a final guideline in December.

Invitation for submissions

The ERA invites interested parties to make submissions on the consultation paper.

Submissions close 4:00 pm (WST) Monday, 15 November 2021.

Submissions should be lodged online using the form on our website www.erawa.com.au/consultation.



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Further information

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