



St Georges Square  
Level 8, 225 St Georges Terrace  
PERTH WA 6000

PO Box 5796  
PERTH WA 6831

T: +61 8 9261 2888  
F: +61 8 9261 2880

Economic Regulation Authority  
Level 4, Albert Facey House  
469 Wellington Street  
Perth WA 6000  
Attn: Sara O'Connor

Emailed via: [publicsubmissions@erawa.com.au](mailto:publicsubmissions@erawa.com.au)

April 2022

Dear Ms. O'Connor

**RESPONSE TO DRAFT DETERMINATION – AUSTRALIAN ENERGY MARKET OPERATOR'S ALLOWABLE REVENUE AND FORECAST CAPITAL EXPENDITURE PROPOSAL FOR THE PERIOD 1 JULY 2022 TO 30 JUNE 2025**

Bluewaters welcomes the opportunity to provide comments on the Economic Regulation Authority's (ERA) Draft Determination.

Bluewaters acknowledges the effort from AEMO to provide additional supporting information to supplement the funding request, especially under circumstances where it cannot fully scope its requirements.

Bluewaters strongly supports the ERA's decision to reject costs that do not meet the requirements of the WEM Rules. In particular, the ERA's decision and justification to not approve \$7.4 million in proposed labour costs. However, Bluewaters continues to hold the view that large portions of AEMO's Forecast Capital Expenditure and Allowable Revenue still do not meet the requirements of clause 2.22A.5(b) of the WEM Rules.

Bluewaters supports the ERA's use of a dual approach to reviewing costs proposed for AR6, utilising both a top-down and bottom-up analysis as in our opinion, the governance structure of AEMO has developed haphazardly over time and is not well suited to forecast costs that are fit-for-purpose or represent best value. While acknowledging its limitations, Bluewaters also requests the ERA considers making comment on the underlining merit of the draft determined AR6 spend. Importantly, the appropriateness of the disproportionate allocation to incumbent participants in the WEM rather than allocating new costs under a more representative causer-pays measure.

Bluewaters acknowledges that the ERA's Draft Determination has led to an estimated reduction of 13% in market fee increase projections but Bluewaters still considers this upward trajectory of market fees a serious and unsustainable concern. Bluewaters reiterates its position that there does not appear to be any forecast or plan for these fees to plateau and then reduce. Instead there seems to be an understanding that future increases are still likely. Bluewaters requests that the ERA provide considered comment on whether the continued growth of market fees provides value-for-money to WEM participants and electricity customers.

Should you have any questions regarding this submission please contact Dimitri Lorenzo on 08 9261 2826 or [dimitri.lorenzo@bluewatersps.com.au](mailto:dimitri.lorenzo@bluewatersps.com.au).

Yours sincerely,



Paul Arias  
General Manager – Trading, Commercial and Regulatory