



# Media Statement

9 September 2022

## Economic Regulation Authority releases draft decision on Western Power's access arrangement

Updated 13 September 2022

The Economic Regulation Authority has [published a draft decision](#) on Western Power's access arrangement proposal for the period 2022/23 to 2026/27.

The draft decision sets out the amendments Western Power must make before the ERA will approve the access arrangement.

The draft decision sets a target revenue of \$9 billion that Western Power can earn over the five-year period and forecast annual increases in network tariffs of between 7.5 to 8 per cent for the years 2023/24 to 2026/27.<sup>1</sup>

The draft decision is higher than proposed by Western Power (target revenue of \$8 billion and a one-off increase of 3.7 per cent in network prices in 2023/24). The higher revenue is driven by significant increases in inflation and interest rates in the broader economy.

Western Power's network tariffs are charged to users of the network including electricity retailers (such as Synergy), generators and some very large industrial and mining companies connected to the transmission network. Network tariffs make up approximately 45% of retail residential electricity bills. Electricity retailers decide how to pass on the network charges they incur to their customers. Most residential customers and business customers who use less than 50 MWh of electricity each year are supplied by Synergy and are on a regulated retail tariff set by the State Government. In the most recent State Budget, the Government indicated electricity tariffs for residential and small business customers will increase in line with forecast inflation over the next three years.<sup>2</sup>

ERA Chair Steve Edwell said "the access arrangement was reviewed with the intent of ensuring that customers are not exposed to excessive costs and risks. This was balanced with the need to enable Western Power to fulfil its role in supporting the energy sector's transformation over the next few years.

"The access arrangement comes at a time when customers and businesses are changing their behaviour and demanding energy from cheaper, greener sources, as well as generating their own electricity from roof-top solar systems. The electricity network must be able to respond to this change. Accordingly, the ERA has approved increased expenditure by Western Power on digitalising the

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<sup>1</sup> Based on forecast inflation of 3 per cent each year.

<sup>2</sup> [State Budget 2022-23 Budget Paper No. 3 Economic and Fiscal Outlook](#) p. 329.

distribution system, undergrounding, cyber security, installation of stand-alone power systems in remote areas and completing the roll out of advanced interval meters.”

“The ERA has also considered power reliability standards in making the draft decision. This responds to the widespread outages experienced over the Christmas period, and continuing reliability challenges in regional towns.”

The access arrangement is required under the *Electricity Networks Access Code 2004*, and sets out the terms and conditions, including prices, for third parties seeking to access the Western Power network.

An overview of the draft decision is attached to this media statement.

Interested parties are invited to make submissions on the ERA’s draft determination by **4:00pm, 16 December 2022**. Submissions can be made via the ERA’s website at <http://www.erawa.com.au/consultation>.

The ERA will consider submissions in developing its final decision, which is expected to be published in March 2023.

### **About the ERA**

The ERA is Western Australia’s independent economic regulator. We aim to ensure the delivery of water, electricity, gas and rail services in Western Australia is in the long-term interest of consumers.

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