



16 November 2022

Our Ref: CWF-202201116

Ms Jenness Gardner  
Chief Executive Officer  
Economic Regulation Authority  
Level 4, 469 Wellington Street  
PERTH WA 6000

Dear Ms Gardner

**RE: COMMENTS ON DRAFT BENCHMARK RESERVE CAPACITY PRICE DETERMINATION**

Thank you for the opportunity to comment on the ERA's draft Benchmark Reserve Capacity Price (BRCP) determination. Collgar Wind Farm (Collgar) makes the following observations for the ERA's consideration in making its final determination.

- It is appropriate to increase the BRCP given the higher cost of capital and increased interest rates.
- Other input assumptions may underestimate the cost to develop the reference facility and hence lead to a lower BRCP than appropriate.
  - **Labour and construction costs:** Collgar has observed substantial increases in labour and construction costs and expect this to continue. The labour market and supply chains are already under pressure due to the pandemic and substantial activity in energy and related sectors (both locally, nationally and internationally). Collgar suggests that the ERA consider increasing labour cost escalation to reflect this ongoing trend, which will likely worsen as more projects are developed.
  - **Metals prices:** Collgar considers these are unlikely to fall to the levels the ERA forecast. PWC forecast metal prices are materially lower than forecasts from other sources (including the Department of Industry, Science and Resources). Collgar suggests that the ERA considers various sources in forecasting metal prices.
  - **Exchange rate:** PWC exchange rate used is materially higher than forecasts by other institutions (for example, ING). As with metal prices, Collgar suggests that the ERA considers forecasts from various sources in setting the exchange rate for its calculations.

Collgar appreciates the opportunity to comment and is available to discuss if needed.

Yours sincerely

A solid black rectangular box used to redact the signature of Rebecca White.

REBECCA WHITE  
REGULATORY AND TRADING MANAGER