



International Power



MITSUI & CO., LTD.

Adam Phillips
Manager Monitoring
Licensing, Monitoring and Customer Protection Division
Economic Regulation Authority
Level 6, Governor Stirling Tower
197, St Georges Terrace,
Perth WA 6000

22nd July 2005.

Sir,

In response to your request for further comments on the draft licences, please consider the following from IPM Operations and Maintenance Kwinana Pty Ltd representing the IPM partnership owners and operator of the Kwinana Cogeneration Plant.

The following comments should not be interpreted as an acknowledgement that the Kwinana Cogeneration Plant and its activities require either a Transmission or a Retail Licence and we reserve the right to consider those requirements along with the scope of our assets and our commercial operations.

Re 2.1 (b) Grant of Licences

The wording does not explicitly cover a situation where electricity is supplied and transmitted directly to an "embedded" customer and also into the market. The Electricity Industry Guideline: Information for Licence Applicants does provide some guidance, which can be interpreted.

Re 13 Accounting Records (Generation and Transmission)

The wording requires the maintenance of accounting records to comply with Australian Accounting Standards Board Standards. Accounting records will usually be maintained to comply with parent/owners requirements for monthly and quarterly reporting, for example to International Financial Reporting Standards.

The licence should require the yearly report and accounts to be presented in compliance with AASB standards.

Re 21 Review of Decisions (Generation and Transmission)

Several sections of the draft refer to the Authority "taking consideration of submissions", which is then supported by section 21, the Review. However, it is not clear as to what would be an appeal process following any review.

Please do not hesitate to contact me on 08 9439 8121 if you require further information or wish to clarify reasoning of the comments raised.

Regards,

Dave Walton
WA Asset Manager

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Kwinana Pty Ltd**
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