

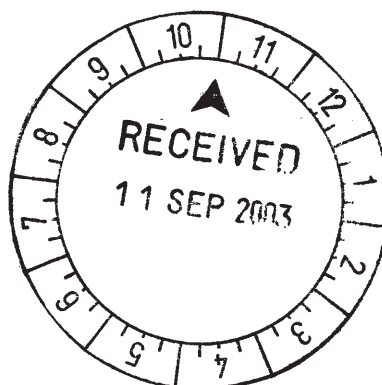


**Western Power**

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28 August 2003

Mr Robert Pullella  
Office of Gas Access Regulation  
PO Box 8469  
Perth Business Centre WA 6849



**Re: Full Retail Contestability Costs – WA Gas Market**

Dear Mr Pullella,

Following the recent invitation for submission to the Regulator's Draft Decision on full retail Contestability Capital Costs, Western Power is pleased to provide this submission.

On page 7 of its submission of the 20<sup>th</sup> of June, 2003, AGN show a table of estimated costs in millions of dollars. In this table, cost to retailers to implement NMIS compliant systems is estimated at \$3 to 5 million. Western Power is concerned that this level of cost would represent a significant barrier to entry for potential gas retailers.

There is no further discussion on this cost later in the document, nor is there any explicit mention of retailer costs for NMIS compliance in the Evans & Peck specifications.

Western Power has no argument with the draft determination on capital costs, however, Western Power are of the opinion that there should be a review of the capital expenditure in line with the recommendations of the Victorian Essential Services Commission, p51, which stated:

“All of the distributors supported the Office's proposal to draw an inference from the distributors' commercial incentives that their actual expenditures have met the requirements of the Gas Code. In contrast... they expressed concern that the regulatory regime may be too new to make such inferences during the forthcoming review. As a consequence, they expressed the view that the Office should not preclude an examination of the efficiency (or otherwise) of the distributors' capital expenditure.”

If there are any further questions on this submission, please contact Mark Nielsen on 9326 4435 [mark.nielsen@westernpower.com.au](mailto:mark.nielsen@westernpower.com.au) or Paul Bresloff-Barry on 9326 4982 [paul.bresloff-barry@westernpower.com.au](mailto:paul.bresloff-barry@westernpower.com.au) at Western Power Corporation.

Regards

  
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GAS MARKET ANALYST

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