



Mr Robert Pullella  
Executive Director Competition, Markets and Electricity  
Economic Regulation Authority  
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**Submission to the WA Economic Regulatory Authority  
Western Power's Revised Proposed Access Arrangement for the South  
West Interconnected Network**

Dear Mr Pullella

The Bunbury Wellington Economic Alliance represents 6 local government authorities including Collie, Harvey, Bunbury, Dardanup, Capel and Donnybrook-Balingup along with 26 of the largest employers in the region. As an organisation we take a strong interest in issues that are likely to impact on the future economic viability of local industry. The provision of reliable and affordable electricity is one issue that is of particular concern to our members.

The South West Interconnected Network (SWIN) covers a large area and suffers from limited spare capacity particularly in the extremities due to rapid economic growth and a lack of past investment into new infrastructure. BWEA has concerns with a number of the proposed changes by Western Power to the access arrangements for the SWIN and the treatment of capital contributions.

**Contracted Capacity**

Under the proposal Western Power would be in a position to unilaterally reduce a network user's contracted capacity if Western Power came to the conclusion that the contracted capacity is not reasonably necessary to satisfy the Users actual requirements or forecast actual requirements following a temporary disruption. In addition Western Power claim it will help prevent anti competitive behaviour relating to trading of capacity rights or the restricting of competition.

Under the current model there is no provision for a service provider to unilaterally decide to reduce the contracted capacity of a user. BWEA believes that such a move by Western Power would be both unreasonable and unnecessary.

Western Power should recognise that both Generators and Users are faced with commercial pressures that they cannot control and as such their capacity needs will vary over time. As a result while a network User may have no immediate or foreseeable need for unused but contracted capacity the User may wish to maintain the contractual entitlement so that they retain the option of using it in the future, noting that contractually tariffs in respect of any unused capacity would still need to be paid on an ongoing basis.

On this basis BWEA puts forward the position that there is no justification for Western Power imposing unilateral adjustments to their contracted position. Any changes that are required should be resolved by means of good faith negotiation in line with sound commercial practice. As for the issue of anti competitive behaviour this can be addressed through other means such as changes to the Western Australian Access Code.

### **Trading of Contracted Capacity**

Western Power has expressed concern regarding the possible introduction of market based trading of 'shared' network contracted capacity.

BWEA believes that the transfer and relocation policy within Section 5 of the Access Code is in the interests of economic efficiency and is in the best interest of both generators and users. On that basis we support the ability of Users to trade network capacity.

### **Headworks Charges**

Western Power current capital contributions policy limits opportunities for the extension and expansion of the network by potentially requiring a large part of the cost of the network enhancement to be met, at least in the first instance, by the electricity customer who triggers the need for the enhancement.

BWEA believes that it is financially impractical for a triggering new User to make this contribution where its supply requirements are much less than the capacity increment that is necessary to provide the required service.

As a result BWEA supports the Office of Energy's position that a 'regional average headworks charge' mechanism based on \$/kVA for capital contributions be put in place. This would both encourage expansion of the network whilst still retaining the user pays and location signals aspects implied in the Code.

BWEA would like to thank the Economic Regulation Authority for the opportunity to submit a submission.

CLAYTON HYDER  
**BWEA CHAIRMAN**

**5 February 2007**