



**Western Powers Revised Proposed Access Arrangement for the South West Interconnected Network**

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**ACWA SUBMISSION**

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## **ABOUT ACWA**

The Aquaculture Council of Western Australia (ACWA) is the State's peak aquaculture industry body.

ACWA's membership represents over 90% of both the current and future gross value of production of Western Australian aquaculture industry, and consists of Institutions, Corporations, Aquaculture Sector Associations and individual members.

Most members are private businesses, all of which undertake their business in regional Western Australia.

## **INTRODUCTION**

Regional economies are integral to the State's economy. The diversity of these economies is something that needs to be preserved and fostered. To survive regional Western Australian needs to be built on the back of a number of strong growing businesses that create strong, vibrant communities. Viable infrastructure development and maintenance is imperative for long term economic growth and survival.

ACWA's submission is presented without prejudice, with the overriding objective to facilitate a world class aquaculture industry in Western Australia. |

## **BACKGROUND**

At a regional level, many local infrastructure projects are too small to attract external investment. Regional business frequently have to pay for their own connection to distant basic services (power, gas, water sewerage) – a major imposition on cash flow for a new, or growing business. In addition, this is a deterrent to private investment into such emerging business, as is it further discounts the risk/reward profile of the investment opportunities.

Regions need improved access to funding mechanisms to help them access these basic infrastructure requirements. In Western Australia there are both legal and public policy impediments to gaining adequate infrastructure, in particular power supply in regional Western Australia.

These impediments place at risk new and emerging industries that will provide the economic diversity to future proof regional Western Australia economies against commodity cycles.

For example, *The Electricity Corporation Act (1994)* requires it to act in a commercial manner. It is ACWA understanding that Western Power uses a breakeven period of 5 years. It is on this basis, ACWA is genuinely concerned that there is limited ability for country network reinforcement under this regulatory regime.

The above fact is a significant regulatory risk to the medium and long term industry development plans, especially for key aquaculture sectors such as abalone, which are large base load power users with project long lead in times.

Something needs to be done to avoid this dichotomy between large and small infrastructure projects.

### **Advice to the ERA**

ACWA concurs with the headworks charges mechanisms detailed in the Office of Energy submission, but consider that the cost needs to be allocated to both existing and future users. We would add that the headworks charge would need to be based peak demand, not the average as this is what determines the total headwork requirement.

It is also critical that the headworks cost calculations needs to be presented on a “open book” and cost plus way, and provide rebates where excess connections occur over a period of time.

### **The Challenge**

There is a key challenge to be addressed in regional development in Western Australia is lack of funding for regional (small) infrastructure development.

Whilst not specific to the ERA call for submissions, the government must, expand its Regional headworks and Regional Initiatives Scheme program for it to properly meet its regional development objectives. It is these programs that will deliver network enhancements under government community service obligations, and, would reduce headworks charge in a locality or to certain types or classes of customers, and allow Western Power to recover it full costs.

Yours sincerely

Dan Machin  
**CEO**