

## NOTICE

### Further Final Decision on Western Power's Amended Proposed Access Arrangement

The Economic Regulation Authority today issued its Further Final Decision on Western Power's amended proposed access arrangement for the South West Interconnected Network (SWIN), as submitted to the Authority on 2 April 2007.

The Authority's [Further Final Decision](#) is to approve the amended proposed access arrangement.

The detailed reasons for this decision are set out in the Further Final Decision document.

The approval of the Western Power access arrangement is a key milestone in the State Government's electricity reform program for Western Australia. The independently assessed access arrangement will promote competition in markets upstream and downstream and promote economically efficient investment in the network.

#### BACKGROUND

The Authority is responsible for regulating third party access to electricity networks in Western Australia that are regulated or 'covered' under the *Electricity Networks Access Code 2004* (Access Code).

At the start of the Access Code in November 2004, the only regulated network in the State was Western Power's SWIN, which is located within the South West Interconnected System (SWIS).

The SWIS is the interconnected transmission and distribution system, which is located in the South West of the State and extends between Kalbarri, Albany and Kalgoorlie.

Western Power submitted its proposed access arrangement to the Authority on 24 August 2005. On 21 March 2006, the Authority issued a Draft Decision to not approve it on the grounds that it did not satisfy the requirements of the Access Code.

Western Power submitted a revised proposed access arrangement to the Authority on 19 May 2006. On 2 March 2007, the Authority issued a Final Decision which did not approve the revised proposed access arrangement.

#### KEY ASPECTS OF THE FURTHER FINAL DECISION

##### Access Arrangement Start Date

The Authority has determined that the access arrangement will become effective from 1 July 2007.

## **Reference Tariffs**

The amended proposed access arrangement specifies reference tariffs for 2006/07. For the reference services applicable to small-use electricity customers (reference services RT1 to RT4 and reference tariffs A1, A2, A3 and A4), the introduction of the reference tariffs in 2006/07 would have had the effect of increasing the prices paid for these services by between 4.7 and 7.5 per cent over the tariffs applying in 2005/06.

Western Power has yet to provide the Authority with values of reference tariffs for 2007/08, but contemplates a further rate of increase in the 2007/08 tariffs over the 2006/07 tariffs of CPI + 3 per cent. These increases are greater than earlier projected by Western Power and indicated by the Authority in the Final Decision. However, the greater projected increases are due in large part to the access arrangement not having commenced in the 2006/07 year, during which the lower service prices of the 2005/06 year were maintained resulting in a substantial under-recovery of revenue by Western Power that will carry forward to the 2007/08 and 2008/09 years.

## **Capital Base, Forecast New Facilities Investment, Weighted Average Cost of Capital and Forecast Non-capital Costs**

Western Power's amended proposed access arrangement is consistent with the Authority's Final Decision on the approved capital base, forecast new facilities investment, weighted average cost of capital and forecast non-capital costs.

The Authority is satisfied that Western Power has complied with the Authority's Final Decision on these matters. Further information on these elements of the access arrangement is provided in the Authority's Final Decision and in the access arrangement information submitted by Western Power with its amended proposed access arrangement.

## **Standard access contract and proposed policies**

The Authority has approved Western Power's standard access contract for reference services, applications and queuing policy, capital contributions policy and transfer and relocation policy.

The amended proposed capital contributions policy provides for some capital contributions to be determined in accordance with the Interim Extensions and Expansions Policy for the SWIN that was approved by the Coordinator of Energy on 28 February 2007. For works to which the Interim Extensions and Expansions Policy applies, capital contributions are determined in accordance with the Interim Extensions and Expansions Policy and not by provisions of the capital contributions policy. The Authority's approval of the amended proposed access arrangement, and the capital contributions policy therein, is on the basis of the extensions and expansions policy as approved by the Coordinator of Energy on 28 February 2007.

## **PUBLIC INFORMATION SEMINAR**

The Authority is proposing to hold a Public Information Seminar on Western Power's access arrangement which may include discussion on the Technical Rules. If there are sufficient parties expressing interest, a Public Information Seminar will be arranged.

The Authority therefore requests parties register their interest by **4:00pm on Thursday, 10 May 2007** by email to [public.seminar@era.wa.gov.au](mailto:public.seminar@era.wa.gov.au) or by fax on (08) 9213 1999. It would be helpful if parties provide details of aspects of the access arrangement or Technical Rules that they wish the Public Information Seminar to cover when registering their interest.

The Authority will place a notice on its web site on **Monday, 28 May 2007** advising whether a Public Information Seminar will be held. A copy of this notice will be emailed to those who have registered their interest with the Authority.

### **Further information**

The [Further Final Decision](#) and the [approved access arrangement](#) are available on the Authority's web site. Printed copies of the Further Final Decision are available on request for \$25.00 each. For further information contact:

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LYNDON ROWE  
**CHAIRMAN**  
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