

6 June 2008

Ms Karen Tilsed
A/Assistant Director
Economic Regulation Authority of WA
GPO Box 8469
Perth Business Centre
WA 6849

Dear Karen

**WESTERN POWER'S 330kV MID-WEST AUGMENTATION: NEW
FACILITIES INVESTMENT TEST**

Aviva Corporation welcomes the opportunity to make a submission on the new facilities investment test for Western Power's major augmentation proposal for a 330kV transmission line and associated works in the Mid-West region of Western Australia.

Background

Aviva is well advanced on plans to build its 400MW Coolimba Power Station, located just south of Eneabba in the Mid-West region. The project will be the first carbon capture ready coal-fired power station in Western Australia and will deliver competitive power into the South West Interconnected System (SWIS), supplying major industrial loads as well electricity retailers.

Integral to meeting the project's timetable for commissioning in 2012 is its ability to connect to the SWIS to provide power both to loads in the metropolitan area and in the Mid-West region. Although the Coolimba project will provide net transmission benefits by reducing substantial line losses from power delivered from generation in the south – mainly Collie and Kwinana - in order for Coolimba to connect and deliver power to the SWIS, the power station requires that the existing electricity transmission infrastructure be upgraded from 132kV to 330kV.

The Coolimba project will provide a new major generation and fuel source to the north of Perth, balancing the supply from the Collie Basin and providing

ABN 31 009 235 956

Suite 4, Level 3 The South Shore Centre

83-85 The Esplanade

SOUTH PERTH WA 6151

added security through diversity of geography and fuel. However, in order to provide competitive power into the SWIS, and to be able to compete on a level playing field against generators to the south of Perth, it needs access to reliable transmission capacity.

Specific Comments on the New Facilities Investment Test for the 330kV Augmentation

Aviva supports the up-grade of the main trunk line between Pinjar and Geraldton to a dual circuit 330kV system to enable the Coolimba power station, as well as other potential generation projects in the Mid-West region, to connect to the SWIS and provide reliable, competitive power on equal terms with competing generators in the metropolitan area or the Collie Basin.

However, the 330kV augmentation is warranted mainly on the grounds of providing reliability of supply to existing and known planned loads. It is an augmentation of the SWIS, not a new line to individual customers and as such is a reinforcement of the SWIS which will provide benefits to both generators and customers in the SWIS no matter where they are located.

For example, the augmentation enables Coolimba to provide competitive power to SWIS customers to the south, while generators to the south can compete against Coolimba in supplying Mid West customers.

As the augmentation provides overall benefits in terms of reliability and security to the SWIS as a whole, Aviva Corporation believes that the total investment associated with the augmentation should be rolled into the SWIS capital base and recovered through network tariffs.

Should you wish to discuss this submission further, we would be pleased to meet at your convenience.

Yours sincerely

Richard Harris
General Manager Development