

7 January 2009

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Access Arrangement Review  
Electricity Access  
Economic Regulation Authority  
PO Box 8469  
Perth BC WA 6849

[electricityaccessreview@era.wa.gov.au](mailto:electricityaccessreview@era.wa.gov.au)

Dear Sir

**Re: Western Power's Proposed Access Arrangement Revisions for the South West Interconnected Network**

On behalf of Landfill Gas and Power, Pacific Hydro wish to inform the ERA that Western Power, in its submission to the ERA on the 17<sup>th</sup> December 2008, has made a misleading statement concerning any "in-principle" support Pacific Hydro or Landfill Gas and Power has for the "Reduction of a User's contracted capacity at a connection point".

Pacific Hydro submission of the 2<sup>nd</sup> December did not support the proposed changes as drafted to enable Western Power unilateral rights to modify the connection capacity. Any modification of this capacity would be on the agreement of the generator.


An extract of the Pacific Hydro submission is provided below:

*"Where there are no commercial opportunities to utilise the unutilised capacity, we agree that this capacity should be released back to the transmission NSP. However as the owner of the connection capacity, Pacific Hydro considers any reduction to this capacity must be on the basis of agreement between the parties, including a clearly defined dispute mechanism and the engagement of an independent expert for arbitration if required."*

Landfill Gas and Power submission of the 12<sup>th</sup> December did not support the proposed changes as drafted enabling Western Power unilateral rights to modify capacity. Any revocation of capacity would be by a process including an independent right of appeal.

An extract of the Landfill Gas and Power submission is provided below:

*"From this perspective, we are very concerned about any prospect of Western Power being given un-reviewable discretion. While we understand the concept behind Western Power seeking power to unilaterally revoke capacity reservations, and under carefully controlled provisions would support it as being in the public interest, we note that LGP itself has capacity reservations that it does not fully utilise, but which we funded and continue to pay for month by month in the expectation of using them in the future. Indeed, we find*



*ourselves obliged to pay now to hold open capacity that is not IMO-certified until October 2010. On this basis, LGP supports Western Power being given a process for revoking a capacity reservation provided that process outlines suitable grounds for such an action (including the applicant unreasonably obstructing a more viable project) and provides a right of appeal to an independent party.*

Both Pacific Hydro and Landfill Gas and Power firmly consider the contracted capacity has a commercial value to the generator and any release of this value should be by negotiation between the parties and provide a right of appeal to an independent body.

If you require any further information on this matter please contact John Vendel on 03 8621 6308.

Yours sincerely

K P Summers  
Regulatory Compliance Manager  
Pacific Hydro Pty Ltd

Graeme Alford  
Chief Executive Officer  
Landfill Gas and Power