



## Landfill Gas and Power

27 January 2010

Economic Regulation Authority  
PO Box 8469 Perth Business Centre  
PERTH WA 6849  
Email: [publicsubmissions@era.wa.gov.au](mailto:publicsubmissions@era.wa.gov.au)

Dear Sir/Madam

### **ISSUES PAPER: DETERMINATION OF MARGIN\_PEAK, MARGIN OFF PEAK AND COST\_LR PARAMETERS 2010/11 TO 2012/13**

Thank you for the opportunity to make a submission on the determination of the ancillary service parameters for the next three year period. LGP comments follow using the format provided by the Authority. Issues are shown in bold.

**Submissions are invited from interested parties on the process that the Authority intends to follow in making a determination on the:**

**Margin\_Peak and Margin\_Off-Peak parameters; and  
Cost\_LR parameter.**

LGP accepts the proposed parameters in good faith. We note that determination of the parameters is complex and that the values have been recommended by consultants. Although the parameters have been significantly increased beyond their historical values, we accept that the historical values have been below cost and have contributed to the financial difficulties of Verve Energy.

**Submissions are invited from interested parties on the proposed Margin\_Peak and Margin\_Off-Peak parameter values as determined under clause 3.13.3A of the Market Rules.**

**Submissions are invited from interested parties on the proposed:**

**“L” value of the Cost\_LR parameter; and  
“R” value of the Cost\_LR parameter.**

LGP accepts the proposed parameters in good faith. Despite the large increase in the R value, we note that it represents the likely outcome of tender negotiations.

If you require further information, please contact Dr Steve Gould on 0412 508 291

Yours faithfully

**GRAEME ALFORD  
CHIEF EXECUTIVE OFFICER**