



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

Dear Sir/Madam

ISSUES PAPER: DETERMINATION OF ALLOWABLE REVENUE FOR THE IMO AND SYSTEM MANAGEMENT, AND ANCILLARY SERVICE PARAMETERS 2010/11 TO 2012/13

Thank you for the opportunity to make a submission on the IMO and System Management allowable revenues 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 allowable revenue for the IMO and System Management.

LGP supports the Authority's process. In particular, we agree that it is not practical to undertake a benchmarking study as there are no directly comparable entities to the IMO and System Management in other jurisdictions in terms of scale of operations, the structure of the businesses and the nature of activities.

Submissions are invited from interested parties on the principal assumptions indicated by the IMO to have been applied in derivation of the forecast of costs for the second review period.

LGP supports the IMO's assumptions and proposed budget. We note that the total cost increases only slightly beyond the most recently available figure, which is largely due to increases in staff benefits and the creation of two new positions. We consider that the latter is a modest adjustment in regard to the increased demands placed on the IMO by the Oates Review.

Submissions are invited from interested parties on the proposed capital projects indicated by the IMO to have been included in derivation of the forecast of costs for the second review period.

LGP accepts the proposed capital projects, being principally office refurbishment and WEMS upgrade, the latter being desirable for smoother participant interface and facilitating participant analysis.

Submissions are invited from interested parties on the principal methods and assumptions indicated by System Management to have been applied in derivation of the forecast of recurring costs for the second review period.

LGP supports System Management's assumptions and proposed budget, and in particular the creation of four new positions.

Submissions are invited from interested parties on the proposed capital projects indicated by System Management to have been included in derivation of the forecast of costs for the second review period.

LGP accepts the proposed capital projects, being principally IT upgrades, windfarm forecasting and dispatch simulation and training. In particular, we note the considerable demands likely to be placed on System Management as a result of reform of the balancing and ancillary services considerations of the Oates Review.

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

Yours faithfully

GRAEME ALFORD
CHIEF EXECUTIVE OFFICER