power to you

18 Brodie Hall Drive
Technology Park
Bentley WA 6102
PO Box 1066 Bentley DC WA 6983
Telephone (08) 6310 1000
Facsimile (08) 6310 1010
www.horizonpower.com.au

Our Ref: SM/21/1(53)
Enquiries: Terry Corfield
Telephone: 6310 1816

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Inquiry into State Underground Power Program Cost Benefit Study
Economic Regulation Authority
PO Box 8469
Perth BC WA 6849

Dear Sir/Madam

INQUIRY INTO STATE UNDERGROUND POWER PROGRAM COST BENEFIT STUDY

Following a review of the Issues Paper Horizon Power offers the following comments for consideration by the inquiry.

2.1.1 We note the current SUPP selection process has resulted in only 1 project being completed outside of the SWIS and only 2 have been completed outside of the Perth Metro area. While acknowledging the inquiry is limited to the SWIS we would like to see a similar scheme developed for the remainder of the state.

2.1.3 The comment that a correctly maintained overhead line is not likely to be replaced in its entirety is not relevant. An underground network may have one section of cable replaced, but will not generally be totally replaced in a single program. This is similar to an overhead line being re-conductored or re-poled as each asset reaches the end of its working life.

2.1.5 The inquiry should note the exceptional reliability improvement in Port Hedland following undergrounding of the distribution network. Despite being subjected to a number of passing cyclones there have been virtually no outages since undergrounding was completed.

4.3.1 It is incorrect to state that if maintained well overhead assets have an infinite life. For example timber assets are rated for 40 – 50 years and bare conductor 50 years, which is similar to underground assets. The Round 3 costs would be inflated by the much higher labour and accommodation costs of the Port Hedland project, making it unrepresentative of SWIS projects. There were also project installation disruptions caused by the passage of 4 cyclones.

4.3.2 Horizon Power has commissioned many internal reports comparing the maintenance costs of overhead and underground systems, with all pointing to the underground network assets underground being more cost effective. We can provide information on the difference between Port Hedland pre and post

undergrounding, and the anticipated savings in Karratha. Our view is that the whole of life costs for an underground network are superior to the equivalent overhead. In addition we disagree with the comment claiming high post storm damage cost of underground assets.

4.4.1 This contradicts 4.3.2 by suggesting underground assets have lower maintenance costs. We are not aware that duct bank systems are used in Western Australia.

4.4.2 We note reference to customer costs associated with supply unreliability and recommend the inquiry review application of the Value of Customer Reliability (VCR) system used by VENCorp in Victoria. This system has been used in the draft National Guidelines for Electricity Network Development currently being developed by the Energy Networks Association (ENA).

4.4.5 The inquiry should note that cyclone rated streetlight poles are not collapsible.

Please contact me if you require any further information.

Yours faithfully

TERRY CORFIELD
TECHNICAL REGULATION & COMPLIANCE MANAGER