

Attachment 5 Submissions and Western Power responses 2nd round of public consultation



PUBLIC CONSULTATION AND SUBMISSIONS – ROUND 2

Western Power responses to round 2 submissions

MID WEST ENERGY PROJECT – SOUTHERN SECTION

NEERABUP TO KARARA (via Eneabba & Three Springs)

DATE:

October 2010

DOCUMENT PREPARED BY:

Western Power

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List of Received Submissions from Public Consultation Round 2

	Received Submissions & Responses Sent	Date
1	Mr Simon Middleton Head of Strategy and Growth Synergy	28 September 2010
2	Western Power response to Synergy	25 October 2010
3	Mr Andy Pittlik NSW Director ERM Power Limited	29 September 2010
4	Western Power response to ERM Power Limited	25 October 2010

Our Ref: #3365147
Enquiries: Mr Simon Middleton
Telephone: (08) 6212 1397



28 September 2010

Mid West Energy Project
Customer Service Centre
363 Wellington Street
PERTH WA
Emailed to: Midwest.submission@westernpower.com.au

Mid West Energy Project – Southern Section – Neerabup to Karara Mine Site Via Eneabba

Synergy appreciates this opportunity to make the following further submission on the revised option associated with the Major Augmentation Proposal related to the Mid West Energy Project – Southern Section – Neerabup to Karara Mine Site via Eneabba **(the Paper)**.

Synergy understands that during Western Power's first round public consultation on this initiative it received advice that the regulatory test needed to be expanded to include the proposed leased assets from Eneabba to Karara constructed by Karara Mines Limited.

Overarching Considerations

In providing its comments, Synergy believes it is important to first highlight the fundamental aims and objectives of the Electricity Networks Access Code 2004 (**ENAC**). The ENAC aims to:

1. provide access to services and to give effect to the Competition Principles Agreement (presumably so that the ENAC is capable of certification as an effective access regime under Part IIIA of the *Trade Practices Act 1974* (Cth)); and
2. establish a framework for third party access to electricity transmission and distribution networks with the objective of promoting the economically efficient investment in, and operation and use of, networks and services of networks in Western Australia in order to promote competition in markets upstream and downstream of the networks.

In addition, it is also important to note that section 2.2 of the ENAC relevantly requires the Minister and the Economic Regulatory Authority (**ERA**) to have regard to the code objectives when performing a function under the ENAC, whether or not the provision refers expressly to the code objectives.

Key Aspects of the Revised Option

Synergy notes that a key aspect of the revised option is that the section of line from Eneabba through Three Springs to Karara will be constructed and privately owned by Karara Mining Limited and will be operated by Western Power under a lease arrangement. That is, this line will not be operated under Western Power's distribution or transmission licence.


Western Power, in the Paper, has also indicated that the leased transmission line will be treated the same as other parts of the SWIS¹ for future connection and access by third parties to the extent that it remains electrically connected to the rest of Western Power's network and meets the requirements outlined in the ENAC. Synergy also understands that this physical arrangement appears to be similar to how Western Power currently connects to and supplies its distribution network in the township of Kambalda.

The robustness of the interconnection will be a critical factor in ensuring reliable supply to customers that will be connected directly to the leased transmission assets. The robustness of the interconnection will also be critical to customers, in other areas within the SWIS, who are supplied with electricity from generators that will be connected to the leased transmission assets.

In its previous submission, Synergy outlined its support for a proposed double 330KV circuit option. Synergy also indicated that its expectation is that development in this region will progress irrespective of the augmentation option selected, but that an option that does not allow for its full potential will result in a higher overall cost and reduce the flexibility of the Wholesale Electricity Market interaction in this precinct. It is however not clear to Synergy how the lease arrangement will operate and give effect to the code objectives outlined in the ENAC.

Synergy supports the proposed revised option major augmentation proposal of a double circuit 330KV transmission line, subject to the ERA giving regard to the code objectives in its determination of the regulatory test.

Yours Sincerely



SIMON MIDDLETON
HEAD OF STRATEGY & GROWTH

¹ South West Interconnected System.



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Our ref:
Contact: Douglas Thomson
(08) 9326 6174

25th October 2010

Simon Middleton
Head of Strategy & Growth
Synergy
PO Box K851
Perth
WA 6842

Dear Mr Middleton,

Re: Mid West Energy Project – Southern Section – Neerabup to Karara Mine site via Eneabba

Thank you for your submission regarding the proposed Mid West Energy Project Stage 1 (Southern Section), which includes a double circuit 330 kV transmission line between Neerabup and the Karara mine site (via Eneabba and Three Springs), and the establishment of a terminal substation near Three Springs.

We appreciate your additional submission, the scope of which now includes the proposed leased assets from Eneabba to the Karara mine site.

Western Power acknowledges your references to the fundamental aims and objectives of the Electricity Networks Access Code 2004 (ENAC). We are committed to ensuring that these ENAC aims are maintained in this new arrangement. The current Heads of Agreement which has been signed between Western Power and Karara Mining Limited supports this philosophy.

It is intended that these assets will be funded and constructed by Karara Mining Limited, and operated under a leasing arrangement by Western Power. The proposed augmentation will substantially increase the power available to consumers and facilitate the connection of generation in the Mid West region. While the details of the actual lease arrangement are confidential between Western Power and Karara Mining Limited, Western Power proposes that the leased assets from Eneabba to Karara mine will be treated as part of Western Power's network – the South West Interconnected System (SWIS), and as such will be available for access from other loads and generators.

Western Power will conduct network service provider functions under an agreed regulatory framework. We will have full operational autonomy over the leased assets, and operate and maintain the assets as we do any other part of the SWIS. The ownership arrangement will not

impede the connection of nor add additional costs to the delivery of covered services to all other SWIS users.

We appreciate your support for the project, and your ongoing input.

If you have any queries regarding the project please do not hesitate to contact Douglas Thomson on (08) 9326 6174 or via email to douglas.thomson@westernpower.com.au.

Yours sincerely,



David Bones
Manager Networks Planning and Development



29 September 2010

Mid West Energy Project
Customer Service Centre
Western Power
GPO Box L921
Perth WA 6842

Dear Mr Bones,

Western Power's Mid West Energy Project

I refer to your letter of 16 September 2010 advising of a second round of consultation to include the proposed transmission assets between Eneabba and the Karara mine site and thank you for the opportunity to provide this submission.

ERM agrees that the upgrade of the northern SWIS will facilitate the connection of renewable generation and open up mining opportunities in the Mid West that will have significant and long lasting impacts for the prosperity and well-being of Western Australia. Indeed it is our expectation that a high load growth scenario is almost guaranteed and given the miniscule increase in the cost, we would encourage Western Power to proceed with a high load growth solution involving the immediate establishment of both new circuits at 330kV.

In the context of this round of public consultation, ERM reiterates its previous support for the plan to extend a double circuit 330kV transmission line to Three Springs subject to the assets leased by Western Power from Karara Metals Limited (KML) forming part of the shared network and available for future connection and access by third parties.

Yours sincerely,

Andy Pittlik
NSW Director
ERM Power Limited



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25th October 2010

Andy Pittlik
NSW Director
ERM Power
Suite 2, Level 6
3 Springs Street
SYDNEY NSW 2000

Dear Mr Pittlik,

Thank you for your submission regarding the proposed Mid West Energy Project Stage 1 (Southern Section), which includes a double circuit 330 kV transmission line between Neerabup and the Karara mine site (via Eneabba and Three Springs), and the establishment of a terminal substation near Three Springs.

We appreciate you making this additional submission, the scope of which now includes the proposed leased assets from Eneabba to the Karara mine site. It is intended that these assets will be funded and constructed by Karara Mining Limited, and operated under a leasing arrangement by Western Power. The proposed augmentation will substantially increase the power available to consumers and facilitate the connection of generation in the Mid West region. Western Power proposes that the leased assets from Eneabba to Karara mine will be treated as part of Western Power's network – the South West Interconnected System, and as such will be available for access from other loads and generators.

Load forecast:

In accessing the network's capability to meet demand, Western Power has considered three load forecast scenarios – 'low', 'central' and 'high'. The proposed solution however concentrates on the 'central' and 'high' load growth.

The load forecast has been broken down into two distinct components – underlying (natural) growth of the existing customer base and block load growth relating to the development of major new loads in the region (notably mining). The 'central' scenario includes committed block loads and a small number of the most likely prospective block loads. The 'high' forecast expands on the 'central' view by assuming more aggressive underlying demand growth and an additional number of highly prospective block loads.

By commissioning the new double-circuit transmission line with one circuit at 330 kV and the other at 132 kV, sufficient power will be available for the 'central' demand scenario. This can be reinforced at minimum cost, to operate both circuits at 330 kV when required to meet the 'high' scenario demand.

This means that we are able to defer our expenditure, whilst still keeping future options open.

Generation opportunities:

The region north of Perth is highly prospective for wind generation. There is also solar and some gas and diesel generation in the area. However, the majority of new generators who have applied for connection to the grid are wind generators, capable of contributing 1,400 MW. Enabling locally generated renewable power sources to connect to the network will greatly assist Western Australia to meet its Renewable Energy Target (RET) obligations.

We appreciate your support for the project, and your input.

If you have any queries regarding the project please do not hesitate to contact Douglas Thomson on (08) 9326 6174 or via email to douglas.thomson@westernpower.com.au.

Yours sincerely,



David Bones
Manager Networks Planning and Development