PUBLICATION

New Facilities Investment Test Application for Transmission Works to Supply the Binningup Desalination Plant

FINAL DETERMINATION

The Economic Regulation Authority has released its final determination on Western Power's application for a new facilities investment test for transmission works to supply electricity to the Binningup Desalination Plant. The application was submitted under section 6.71 of the *Electricity Networks Access Code 2004*.

The Authority's final determination is to not approve Western Power's application for the reason that Western Power's total forecast new facilities investment of $52.63 million (of which Western Power claimed that $31.3 million met the new facilities investment test) exceeded the amount that would be invested by a service provider efficiently minimising costs. The Authority has estimated this amount to be $50.53 million of which an amount of up to $29.2 million may satisfy the new facilities investment test.

Under the Access Code, a service provider may, at any time, request the Authority to conduct a new facilities investment test assessment on actual or forecast new facilities investment. In such circumstances, the Authority must make and publish a determination within a reasonable time after having consulted with the public.

The Authority received Western Power's new facilities investment test application in October 2010. In response, the Authority published an issues paper and invited comments from interested parties. No public submissions were received. A draft determination to not approve Western Power's application was issued by the Authority on 21 December 2010 and interested parties were invited to comment. A submission was received from Western Power on 28 January 2011.

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