

Our ref: 8444165

12 August 2011

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

ATTN: Sara Procter, Assistant Director

Dear Sara

**INQUIRY INTO STATE UNDERGROUND POWER PROGRAM COST BENEFIT STUDY –
PUBLIC COMMENTS ON DRAFT REPORT**

Western Power welcomes the opportunity to comment on the Draft Report. Western Power is committed to the State Underground Power Program (SUPP) and is proud to contribute to a program which provides significant benefits to all stakeholders.

Western Power would like to comment on the likely implications of recommendation 19 in the draft report, which states:

There may no longer be a need for the State Government to be involved in the delivery of retrospective underground power, as local governments should ideally be able to purchase this service directly from Western Power.

The SUPP has been a success largely as a result of the collaborative efforts of all three organisations that make up the SUPP Steering Committee: Western Power, the Western Australian Local Government Association (WALGA), and the Office of Energy. Without the combined input of all three organisations, it is unlikely that the program would have achieved the excellent outcomes it has to date. Western Power acknowledges and appreciates the role of the Office of Energy in organising and chairing the Steering Committee. Importantly, the Office of Energy also facilitates independent oversight of the program, including arrangements for Probity Auditing.

In addition to representing the government's interests and providing independent oversight, the Office of Energy's involvement appropriately allows Western Power to remain a neutral party. Without the involvement of the Office of Energy, the perception of Western Power's neutrality in the process is likely to be questioned, given the corporation's strong commercial drivers.

Western Power believes that the Office of Energy's role is fundamental to the success of the program and therefore submits that the present governance arrangements should continue unchanged.

Connecting people with energy

363 Wellington Street Perth WA 6000
GPO Box L921 Perth WA 6842
enquiry@westernpower.com.au

T 13 10 87 | F (08) 9225 2660
TTY 1800 13 13 51 | TIS 13 14 50
westernpower.com.au

Electricity Networks Corporation
ABN 18 540 492 861

Following the finalisation of the Authority's report, Western Power looks forward to further reviewing the arrangements of SUPP with the Office of Energy as part of their wider review.

Should you have any further questions regarding this matter, please do not hesitate to contact Matthew Fairclough on 9326 6853.

Yours sincerely



Phil Southwell
General Manager Regulation and Sustainability
Western Power