



GRIFFIN ENERGY

15th Floor
28 The Esplanade
Perth, Western Australia, 6000

Telephone: (08) 9261 2800
Facsimile: (08) 9486 7330

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Ms Karen Tilsed
A/Manager Projects – Electricity Access
Economic Regulation Authority
PO Box 8469
PERTH BC, WA 6849

Email: midwestregtest@era.wa.gov.au

Dear Karen,

RE: Submission on Western Power's proposed 330kV Mid West transmission augmentation – Regulatory Test

Griffin Energy (Griffin) welcomes the opportunity to provide comment on Western Power's proposed augmentation the Mid West transmission system.

The SWIS transmission network is experiencing system-wide constraints. Western Australia's commodity led growth is placing further pressure on an already stretched network. While the new electricity market encourages private investment in generation to meet this load growth, inadequate and short-sighted network investment in the past has led to insufficient capacity for much of this generation to connect to the network. Upgrading transmission capacity, both north and south of Perth¹, is vital to enable the investment required to sustain WA's economic growth.

Griffin has previously made a submission as part of the Western Power public consultation process. We agree with the CRA analysis that option 1 represents the most appropriate upgrade solution. Double circuit 330kVA transmission lines should overcome the stability limits and significantly reduce loss factors. It also represents an appropriate balance of increasing capacity for the region (weighted against the probabilistic load and new entrant generation) and the cost of augmenting the bulk transmission system, to be spread over existing users. Importantly, option 1 brings forward the proposed transmission upgrade to the earliest possible completion date.

¹ The SWIS is an isolated electrical system. With the advent of the new market, it is important to ensure that the whole system is sufficiently interconnected to facilitate generation flow, and hence opportunities to service load, throughout the system. The alternative is for the SWIS to become a collection of isolated 'islands' with price separation between nodes. While this may be appropriate for the NEM, where electricity is traded across regions, Griffin believes that the sparsely populated SWIS (outside of the Perth metro area) would make this solution impractical.

Griffin's understanding of the technical analysis is that local generation options are not an appropriate alternative to transmission augmentation². It should therefore be a matter of determining which of the proposed options maximises the net benefit to those that generate, transport and consume electricity.

The ERA's consultants, Parsons Brinkerhoff Associates (PB), have raised concerns over the forecasting methodology of block loads in the Mid West region. PB suggests that a risk with option 1 is for stranded capacity due to projects not proceeding, or proceeding at a slower pace than predicted. While it is difficult to quantify the probabilities of many of the loads eventuating, Griffin believes that load growth projections in the SWIS have been consistently under-forecast throughout the current commodities boom. It now seems to be the general view that the current cycle of investment in the commodity sector in WA will continue for some time.

Griffin believes that counter to the risk of stranded capacity, expediting transmission augmentation is essential. Investment is being curtailed as a result of the present constraints. Large new mining projects in the region are facing uncertainty, risking the suppression of much needed regional investment and development. Griffin also points out the increase in renewable energy requirements within WA³. Renewable energy projects that take advantage of the excellent wind resource in the Mid West region cannot progress due to a lack of transmission capacity. Deferring transmission investment may impact the ability for WA to deliver on the aggressive new renewable energy targets.

Griffin has been advocating investment in the transmission network for some time. We encourage Western Power's efforts to progress option 1 for the upgrade of the Mid West bulk transmission system. Coupled with new investment to the similarly constrained South West region, such upgrades will greatly enhance the likelihood of continued economic growth within the SWIS region.

Should you have any questions regarding our comments, please contact:
Shane Cremin, Market Development Manager, Griffin Energy, 9261 2908.

Yours Sincerely,

Wayne Trumble
EGM Power Generation

² Short of islanding the Mid West from the rest of the SWIS, which Griffin has questioned the practicality.

³ Both federal parties have policies aimed at increasing the scope for renewable (and/or low emission) generation investment and the State is developing its own policy on expanded renewable targets.