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Mr Robert Pullella
Draft Access Arrangement Information Guidelines
Electricity Access
Economic Regulation Authority
PO Box 8469
PERTH BC WA 6849

Dear Robert

DRAFT ACCESS ARRANGEMENT INFORMATION GUIDELINES

Western Power welcomes the opportunity to comment on the Draft Access Arrangement Information Guidelines released by the Economic Regulation Authority in May 2008.

Western Power generally supports the intent underpinning the draft guidelines as they provide a clear framework for Western Power to work within when drafting Access Arrangement Information for submission to the Economic Regulation Authority.

Western Power has provided specific comment on the draft guidelines in Attachment 1.

Yours sincerely

Phil Southwell
General Manager

ATTACHMENT 1

ASSESSMENT OF DRAFT ACCESS ARRANGEMENT INFORMATION GUIDELINES

This attachment is structured according to Western Power's specific comments on the draft Access Arrangement Guidelines ("the guidelines").

1. Section 2.5 – Information provided shall be verifiable

Section 2.5 of the guidelines requires that all information provided in the access arrangement information must be verifiable. This clause further explains that for the purposes of these guidelines, "verifiable" means that information can be traced to a source document or assumption by an independent party or auditor.

Western Power's view is that it is appropriate for the ERA's final guidelines to clarify that section 2.5 is intended to refer to financial information, rather than all information. This clarification would avoid the substantial cost involved in verifying non-financial information with reference to source documents, which would be a very unusual and onerous requirement for a regulatory review. Western Power believes that the costs of verifying all non-financial information would be prohibitive, and would place a substantial administrative burden on the company with little practical gain to the ERA or stakeholders. Western Power would therefore appreciate the ERA's clarification of this issue.

2. Section 2.6 – Audit assurance

Section 2.6 of the guidelines requires that access arrangement information includes an audit report of any included financial information

Western Power's view is that it is appropriate for the ERA's final guidelines to provide clarity around the audit assurance requirements to clarify that section 2.6 of the guidelines is intended to refer to regulatory financial statements only.

Western Power does not support the audit assurance requirement applying to forecast information. Obtaining audit assurance for forecast information will be problematic and may not even be practically achievable.

It is Western Power's view that the audit assurance requirement of the guidelines apply only to the regulatory financial statements. To provide clarity it would be appropriate to relocate section 2.6 of the guidelines to be within section 3 of the guidelines.

3. Section 2.7 – Confidentiality

Section 2.7 restates the provisions of the Code that require the ERA to publish access arrangement information on the public register even if a claim of confidentiality is made over some or all of the access arrangement information.

Western Power is uncomfortable with the detailed information sought in the guidelines being placed on the public register due to the commercial sensitivity of the information.

Specifically, Western Power strongly opposes the following pro formas being included in the guidelines:

- Appendix A Pro forma 10 – Contributions
- Appendix B Pro forma 3 – Historic capital expenditure by project
- Appendix B Pro forma 6 – Forecast capital expenditure by project

The disclosure of this commercially sensitive information has ramifications for Western Power's commercial processes (e.g. tender process), contractors' trade secrets and users' trade secrets.

It is worth noting that the ERA are advocating a differing policy position from the government on commercially sensitive information as exemptions under the *Freedom of Information Act* allow Western Power to withhold this type of information due to the commercially sensitive nature. Moreover, Western Power's contracts with users and contractors contain confidentiality clauses covering this type of information.

It is Western Power's view that placing this information on the public register will be in contradiction of the Code objective. Placing commercially sensitive information in the public domain will be detrimental to the economically efficient investment in the network and to markets upstream and downstream of the network and will negatively impact not only Western Power, but users and contractors.

Western Power would like to work with the ERA to come to a resolution on how detailed information can be provided on a confidential basis. If the ERA agree that Western Power can make a separate submission to the ERA (not part of access arrangement information) that will be treated on a confidential basis Western Power undertakes to provide the type of information sought in the pro formas detailed above at the same time as the revisions submission due on 1 October 2008.

4. Section 2.8 – Format of information

Western Power queries the requirement for two copies of the access arrangement information to be provided in print form in addition to an original and electronic version. Western Power is seeking to minimise its environmental footprint and would prefer that this requirement was removed from the guidelines.

5. Section 3.8.4 – Contributions

Western Power seek for the ERA to clarify the guidelines in relation to the level of disaggregation required in reporting contributions (rather than reporting by reason for the contribution). Western Power's preference is to provide contribution information in the following categories:

- Transmission growth – due to generation
- Transmission growth – due to loads
- Distribution growth
- Distribution growth – vested assets
- Distribution asset replacement and renewal – due to SUPP
- Distribution asset replacement and renewal – due to RPIP

As detailed above, Western Power strongly opposes any requirement to provide contribution information at a detailed project level as part of access arrangement information on the basis of the commercial sensitivity of the information.

6. Section 4.4.4.2 – Capital Expenditure

Section 4.4.4.2 of the guidelines includes the requirement for Western Power to provide detailed capital expenditure information at the project level:

"Within each business segment, forecast capital expenditure must be disaggregated by capital projects, consistent with the definition and delineation of projects used for the purposes of the regulatory test and new facilities investment test."

As detailed above, Western Power strongly opposes any requirement to provide expenditure information at a detailed project level as part of access arrangement information on the basis of the commercial sensitivity of the information and seeks for the ERA to remove this requirement from the guidelines.

7. Appendix A: Pro Forma Regulatory Financial Statements

Western Power's comments on appendix A are detailed in the table below:

PRO FORMA	COMMENT
1 – Profit and loss (disaggregated)	Rename the field "Earnings before interest and taxation" to "Earnings before taxation". The pro forma includes a "Borrowing Costs" line which is assumed to include interest.
2– Profit and loss (regulatory financial statement)	Rename the field "Earnings before interest and taxation" to "Earnings before taxation". The pro forma includes a "Borrowing Costs" line which is assumed to include interest.
7 – Capital expenditure (disaggregated)	The headings from "Total Liabilities" down appear out of place and can be removed from the pro forma.
10 - Contributions	Remove the "[Reason]" fields and replace either with the categories outlined in the response to section 3.8.4 or with "[Discretionary headings]"

8. Appendix B: Pro Forma Forecast Statements

Western Power's comments on appendix B are detailed in the table below:

PRO FORMA	COMMENT
3 – Historic capital expenditure by project	Remove the pro forma due to the confidentiality issues with providing this information as a part of access arrangement information.
6 – Forecast capital expenditure by project	Remove the pro forma due to the confidentiality issues with providing this information as a part of access arrangement information.

9. Transitional Issues

Western Power would like to highlight that limited time has been provided to Western Power to produce the information sought by the ERA in the guidelines. Western Power acknowledges that the Code requires Western Power to comply with the guidelines if access arrangement information is submitted to the ERA more than three months after the guidelines are published.

In particular, Western Power is concerned that if any changes are required to IT systems to support the requirements of the final guidelines that given the limited time it will not be possible to implement the system changes in time for the 1 October 2008 revisions submission.

For the 1 October 2008 revisions submission Western Power will endeavour to produce Access Arrangement Information in accordance with the final guidelines (if required by section 4.6 of the

Code), however it may be necessary for Western Power to deviate from the guidelines if systems do not support all of the reporting requirements.