



Economic Regulation Authority

 WESTERN AUSTRALIA

Level 6, Governor Stirling Tower
197 St Georges Terrace
Perth Western Australia 6000

GPO Box 8469
Perth Business Centre
Western Australia 6849

Telephone 61 8 9213 1900
Facsimile 61 8 9213 1999
Website www.era.wa.gov.au

Promoting fair prices, quality services and choice.

Media Statement

19 January 2010

Economic Regulation Authority Releases Further Final Decision on Western Power's Access Arrangement Revisions

The Economic Regulation Authority has accepted Western Power's amended proposed access arrangement revisions for its interconnected electricity network in the south west of the State.

A total of 45 amendments were required by the Authority when it announced its final decision last month, not to approve Western Power's proposed revised terms and prices for third parties seeking access to the network.

Western Power submitted new revisions to its access arrangement on 24 December 2009, which the Authority has approved in its further final decision.

The Authority's further final decision means approximately \$4.8 billion (nominal) is expected to be spent by Western Power to improve its ageing network.

"While this represents a reduction of approximately \$1.2 billion in the amount originally proposed by Western Power, it is an increase of \$1.5 billion over the expenditure during the first access arrangement period," Authority Chair, Mr Lyndon Rowe, said.

As a result of the further final decision, Western Power is expected to show improvements in reliability, including more stringent service standard benchmarks and an increase in potential rewards and penalties under the service standards adjustment mechanism.

Western Power submitted its proposed access arrangement revisions to the Authority on 1 October 2008. In July last year, the Authority issued a draft decision to not approve the revisions, and issued its final decision on 3 December 2009.

Western Power supplies electricity to 840,000 residential and small business customers through its south west interconnected network.

Mr Rowe said the increases in network reference tariffs allowed by the Authority were substantially less than those originally proposed by Western Power.

"The increases for users of the transmission and distribution network will come in three stages – March 2010, July 2010 and July 2011 – and will consist of real increases of up to 13 per cent for transmission tariffs and up to 18 per cent for distribution tariffs," he said.

If the increases approved by the Authority were to be passed through to residential electricity tariffs (noting that network charges are only one component of retail costs), it is estimated that residential tariffs would increase by approximately seven per cent (in real terms) each time.

ENDS

LYNDON ROWE
CHAIRMAN

For media enquiries contact Sue McKenna (0424 196 771) or Joanne Fowler (0408 878 817) at the Communications Branch Pty Ltd.