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Tyson Self
Manager Projects Access
Economic Regulatory Authority (ERA)
Level 4, Albert Facey House
469 Wellington St
Perth, WA, 6000

Dear Mr Self

ERA's DRAFT DECISION -WESTERN POWER's PROPOSED ACCESS ARRANGEMENT AA3

I refer to the ERA's draft decision on Western Power's proposed Access Arrangement AA3 dated 29 March 2012 which was released as a media statement on the ERA website. Griffin Power fully supports the ERA's draft decision as it has picked up most of our major concerns raised in our previous submission to the ERA on the same topic dated 5 December 2011.

However, one of the major concerns previously raised by Griffin Power that was not addressed relates to a fundamental flaw in the current and proposed AA3 access arrangements where Western Power allocates a figure of 20% of the total transmission use of system (TUOS) charges to generators. There are a number of reasons why the recovery of any portion of the TUOS charges from generators is flawed. These reasons include:

- a. The recovery of the TUOS charges from generators seems structurally inefficient as generators will pass these on to the retail loads.
- b. The TUOS charges do not fund network augmentations for new generators;
- c. The TUOS charges should be passed on to beneficiaries of the capacity and energy generated which are retail customers and loads.
- d. TUOS charges on generators were rejected by the Australian Energy Market Commission (AEMC) when it reviewed the issue in 2009 and it is not a feature of the National Electricity Market.

Griffin recommends that the ERA and Western Power remove the allocation of all TUOS charges to generators in the proposed AA3 access arrangement.

Please don't hesitate to call me on (08) 9261 2818 if you have any queries.

Yours faithfully

Charles Martelli
General Manager Marketing