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The Economic Regulatory Authority

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Re: Western Power Access Arrangements

The Sustainable Energy Association of Australia (SEA) is an industry chamber that represents almost 400 members including businesses involved with renewable energy as generators, providers, retailers and end users, with a large number of our members involved with dealing with issues on the South West interconnected System (SWIS). As a representative of our members, please find following our comments on the future third tranche of the Access Arrangement proposal for Western Power (AA3).

Bi-directional tariffs.

SEA supports the introduction of bi-directional reference tariffs by Western Power under the current Access Arrangement proposal as they provide the stepping stones to the introduction of a broad-based set of financial arrangements that will improve the conditions for the uptake of self-generation by residential and more importantly business users on the SWIS.

The current paradigm is problematic for businesses to export excess energy from any self-generation (notably occurring on weekends) without complex and expensive arrangements such as an ETAC or other off-take agreement being in place with a retailer, adding transaction costs to both sides of the agreement. In many cases, there is a prohibition for business or commercial feeding in of excess energy into the grid adding a significant cost for businesses to install systems to prevent this occurring (typically \$12,000 to \$20,000 per business). The creation of suitable bi-directional reference tariffs will provide a simpler and more cost effective way for businesses to manage the sale of excess self-generated energy

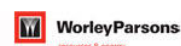
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Probono legal advice provided by Jackson McDonald Lawyers

The adoption of the bi-directional tariffs put forward in AA3 should reflect the actual cost of transmission and distribution that is incurred and that while end users should be liable to pay for energy consumed, with the bi-directional tariff, generators should not be made to pay additional or excessive network charges for the export of electricity to the grid, unless all generators were to incur similar charges. The incurring of specific additional network charges for self-generation should only be implemented when all forms of generation incur network charges; otherwise, it imposes a penalty for distributed generation, which is an unwarranted additional cost.

SEA does not believe that a separate bi-directional tariff is essentially necessary if other provisions were made to allow commercial feed-in to the grid from self-generators and that there was an effective time of use tariff structure applied to reduce the additional costs incurred by Western Power in relation to managing an increasing peak within the WEM. The time of use tariff would act as a price signal to modify consumption behaviour by consumers. However, as we believe that it is unlikely that in the near future that a compulsory time of use tariff will be introduced on the WEM during the period of AA3, the bi-directional reference tariff is an appropriate mechanism for assisting in ensuring that the market structures are in place to support commercial uptake of renewable energy.

Applications Queuing Policy (AQP)

The AQP has often been an area where SEA members have noted that the current policy is inadequate, unfair and overly costly to the queue applicants. SEA supports the revision to the AQP under AA3 to create a better access regime for renewable and other energy generation proponents.

Smart Meter Infrastructure (SMI) roll out

At a time when electricity costs are increasing and there is greater environmental awareness, SMI, when implemented with the associated customer engagement, education, tools and programs enable consumers to manage their electricity bills and reduce their energy consumption. This results in reduced energy consumption, lower bills for customer savings and greater penetration of renewable energy and the associated environmental benefits. SEA supports the introduction of SMI in Western Australia beyond the limited trials that have been undertaken as part of the *Solar Cities* program.

As the next step towards a smart grid, SMI will enable higher penetration of renewable energy including solar PV systems and management of future technologies such as energy storage and electric vehicles.

The deployment of SMI as proposed by Western Power is a modular, open-platform and intra-operable platform that can also be leveraged by other utilities for water and gas metering. With water conservation becoming increasingly important in WA the deployment of communicating water meters can be a useful tool in detecting water leaks and reduce water losses. In addition, water is ever increasing linked to energy consumption; any reduction in consumption or losses has the added benefit of being a reduction in energy consumption and reduced load on the network.

Of the options suggested in the AA3 proposal, SEA would prefer to see the maximum SMI roll-out possible in order to reduce energy consumption and maximise the uptake of renewable energy. However, we understand that the practicalities of this within the AA3 period would not allow such an outcome and as such, we support the Western Power proposal that the rollout of smart meters be undertaken with non-compliant and 3-phase meters in the first instance.

SEA 2030 VISION

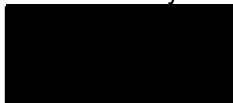
30% energy generation from sustainable sources and 30% reduction of existing use through energy efficiency by 2030

SEA – Australia's peak body for sustainable energy

SEA promotes the development and adoption of sustainable energy technologies and services that minimise the use of energy through sustainable energy practices and maximise the use of energy from sustainable sources.

SEA would be pleased to provide further information on the above or any other matter related to this inquiry if requested.

Yours sincerely



Prof Ray Wills
Chief Executive Officer
Sustainable Energy Association of Australia Inc. (SEA)

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