

Anglo Estates Pty. Ltd.

PROPERTY INVESTORS

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Mr Robert Pullella
Executive Director Competition
ERA
M PO Box 8469
Perth BC WA

Dear Mr Pullella

Submission relating to Western Power's revised Proposed Access Arrangement for the SWIN

Further to the notice of 17 January I wish to make a submission.

I am the Director of Anglo Estates Pty Ltd (Anglo), a Western Australian property developer. My company is involved in negotiations with Western Power (WP) to ensure supply of power to a number of residential property developments, many in regional areas.

These include Bremer Bay, Ravensthorpe, Esperance , Hopetoun and now Bow Bridge/Walpole.

Capacity issues tend to dominate these negotiations and head works charges can be significant.

Not surprisingly the need for commercial certainty and timeliness are very strong. Should power not be available there are significant hurdles to obtaining Western Australia Planning Commission approvals as they will not process applications where there is a power supply issue.

As a matter of public policy it seems clear that the capital contribution policy should encourage investment, particularly where transmission assets are failing to cope with growth.

It is virtually impossible to obtain approval for Town Planning Scheme amendments if power is not available. An example is Bremer Bay, where Anglo owns 46 hectares which adjoins land that we have developed by special agreement with Western Power but we are unable to progress the planning

process on this second parcel of land because of the stance adopted by W A P C. Discussions with relevant planning authorities led to in-principle support for a change in zoning for this land. However, any application to subdivide will be refused due to the lack of an adequate power supply. There is demand for extra lots now and this will increase if some of the mooted resource developments (Grange) nearby move to construction phase.

Reduction in Contractual Capacity

I believe that WP wants to retain an ability to withdraw extra capacity granted under a transmission access contract if that capacity is not being used. This is not beneficial to investment in up front capital costs.

When making significant contributions Anglo must have certainty of capacity. Otherwise all capacity is exclusively vested in WP, and it services users and potential users. This extends the current monopoly enjoyed by WP.

An independent umpire could decide any issues if in fact a user is "sitting on" extra capacity that it has no foreseeable use for. Existing anti-competitive laws may well govern such a scenario in any event.

Capital Contributions and Headworks Charges

There should be an opportunity for some of these charges to be defrayed back to the initial contributing party if unforeseen projects come on stream and benefit from the capital expenditure already incurred by the first paying party. Again the aim should be to encourage private sector investment in the network – not have every private sector entrant waiting in the hope that some other corporation will go first and incur the bulk of the expenditure.

Queuing Policy

When applying for connection and a "quote" the queuing policy does not assist with certainty of long term access to the newly created spare capacity. It is not transparent.

If companies are going to pay upfront there should be clarity about their actual number in the queue relevant to earlier access applications. Many of these other companies in the queue are not going to contribute in a similar manner to the required transmission line investment.

Maybe a queuing policy should give a special category to potential users that are willing to make an investment to develop new capacity ahead of WP's estimated time for providing the network capacity? Without certainty there is no incentive for them to make it.

Companies may join the queue in a strategic sense to block the aspirations of others.

Summary – public policy imperatives

The Carpenter Government has a clear policy to encourage private sector investment in infrastructure. WP will always own the asset – it is essential that capacity rights are given a clear legal character so as to encourage this investment. In this way investment will occur and bring forward major infrastructure timelines.

The other policy decision was to disaggregate WP to bring competition to the market. This should be borne in mind

If you require any further information, please do not hesitate to contact me.

Yours faithfully
Anglo Estates Pty Ltd

Ken Williamson