



Our Ref: DMS #3027383
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Mr Rob Pullella
Executive Director Industry Policy
Economic Regulation Authority
Level 6 Governor Stirling Tower
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Dear Rob

CALL FOR SUBMISSIONS ON REVISED FORECASTS PROPOSED BY WESTERN POWER

Thank you for the opportunity to provide a submission in response to the above.

Synergy's comments in relation to the revised forecasts are detailed in Attachment A.

In summary, the absence of disaggregated data to substantiate the need for and benefits accruing as a result of the proposed additional expenditure, limits the ability for stakeholders to scrutinise the revised forecasts. Conversely, where decreases in expenditure are proposed, it is also difficult to assess the ramifications for doing so.

In the absence of supporting information and data, it is difficult for stakeholders to reasonably comment on the proposal.

Therefore, Synergy considers it appropriate for the Authority to request, obtain and publish supporting information as to why the increased/decreased expenditure is required.

Yours sincerely

A handwritten signature in blue ink, appearing to read "G. Draper", is written over a faint, light blue circular watermark.

GRANT DRAPER
HEAD OF STRATEGIC BUSINESS

CALL FOR SUBMISSIONS ON REVISED FORECASTS PROPOSED BY WESTERN POWER

REVISED FORECASTS

- The additional \$63.7 million of new facilities investment and 23.7 million of non-capital costs may translate into higher transportation charges. The Economic Regulation Authority should consider the effect that the proposed CAPEX and OPEX increases would have on South West Interconnected System (SWIS) transportation charges and the current capped retail tariff regime.
- In order to determine that the proposed increases are warranted, Western Power should to demonstrate to the Authority that there will be reliability improvements and benefits that warrant the additional expenditure.
- Given the high level of data submitted by Western Power it is not possible for stakeholders to form an opinion as to the need or benefit of such expenditure, without additional information. Consequently, the Authority should require Western Power to substantiate and publish:
 - Why the additional expenditure is necessary.
 - Where the additional funding is to be spent.
 - The timeframes (by location or region) in which the expenditure is to be spent.
 - The system improvements that Western Power commits to deliver as a result of the additional expenditure.
- Specifically, the Authority should seek to substantiate:
 - What network risks will be mitigated as a result of the increased expenditure.
 - How, where and by when will the increased expenditure encourage new generation investment by location or region.
 - How, where and by when will the increased expenditure assist to remove network constraints by location or region.
 - How, where and by when will the increased expenditure assist new customers to be connected by location or region.
 - How, where and by when will the increased expenditure meet projected load growth by location or region.
 - How, where and by when will the increased expenditure improve system reliability such as targeted blackspots by location or region.

INVESTMENT ADJUSTMENT MECHANISM (IAM)

- Western Power proposes to extend the application of the IAM to include a further four forecast expenditure categories.
- As the submission itself recognises the amount of information to support the proposal is brief.
- Consequently, the Authority should substantiate:
 - Why the additions are required.
 - That it is reasonable for the new categories to be included.
 - The potential impact on access charges as a result of the new categories.