



Our Ref: 3317956
Enquiries: Andrew Everett

28 February 2011

Manager Projects Access
Economic Regulation Authority
Level 6 Governor Stirling Tower
197 St Georges Terrace
PERTH WA 6000

Email: publicsubmissions@erawa.com.au

Dear Sir

**PROPOSED VARIATIONS TO WESTERN POWER'S ACCESS ARRANGEMENT
for 2009/10 to 2011/12: APPLICATION AND QUEUING POLICY**

Thank you for the opportunity to comment on Western Power's proposed changes to its Application and Queuing Policy (**AQP**).

Western Power is to be commended for the level of stakeholder consultation it has conducted in the construction of the proposed amendments. To the extent that the amendments reflect that input, the variation is likely to receive industry-wide support.

Verve Energy supports the proposed variation as it appears to be a significant improvement on the current arrangement, addressing a number of issues that have historically proven to be problematic in enabling efficient access to the South West Interconnected Network (SWIN). There are a number of issues that require further consideration however.

In relation to the specific enquiries in the ERA's Issues Paper, Verve Energy has the following observations:

4.1.2 Advantages of Varying the Access Arrangement

It could be argued that there is no point in expending time and money now on revising the AQP as there is limited ability to accrue any benefit given the limited spare network capacity currently available. However, given the widespread criticism of the current arrangement, it is a positive move to restore confidence that when capacity becomes available, a robust and equitable arrangement will be in place to manage the clamour for access. Verve Energy considers that the change will not lead to disadvantages that outweigh the benefits from proceeding.

Verve Energy ABN 58 673 830 106

Head Office: 15-17 William Steet, Perth, WA 6000
Postal Address: GPO Box F366, Perth, WA 6841
Telephone: (08) 9424 1888 - Facsimile: (08) 9424 1899
Website: www.verveenergy.com.au

4.2.3 Enquiry and Application Commencement

The inclusion of an 'enquiry' phase appears to be aimed at streamlining the provision of information associated with submission of access applications. The proposal to make the enquiry phase compulsory is of concern to the extent that it causes delay. Western Power has stated in its explanation that "in the event there are limited resources....then Western Power would prioritise connection applications above enquiries". Indeed, in the AQP itself (Clause 18.2(a)), Western Power must only endeavour to perform such work within a reasonable timeframe, provided it does not affect the timing and cost of processing applications. Clearly there is the potential for significant delay in processing enquiries and attendant frustration of proponents in the submission of access applications. A remedy would be to prescribe a maximum timeframe that Western Power can take to process an enquiry, at which point an applicant may proceed to submit an application for access.

4.2.7 Fees and Costs

Under Clause 20A, Western Power has the right to deem an application withdrawn if fees are not paid. It would be unreasonable for that decision to be made unilaterally in the event, for example, payment has been overlooked or there is a dispute over charges.

4.2.8 Withdrawal of Applications

The circumstances under which an application is deemed to be withdrawn appear reasonable. However, there should be a process whereby applicants have the ability to remedy a 'default' before that decision is taken. In addition, applicants should have the ability, when aggrieved, to formally appeal such decisions.

Specifically in relation to the AQP itself:

Clause 2.4 ERA should consider whether the treatment of prior applications is reasonable and that prior applications are not disadvantaged by the proposed revised AQP.

Clause 4.5 This appears to state that a condition precedent may be that an application will not be processed unless the proponents of competing applications offered access contracts also proceed. This appears unreasonable.

Clause 5.3 There should be an obligation for Western Power to negotiate in a timely manner.

Clause 14.1(d) The word 'adjacent' should be inserted before premises. It is not uncommon for premises to encompass multiple Lots.

Clause 19.3 The concept of grouping competing applications and developing collective solutions to network constraints is supported. However, there is the potential for this process to cause significant delay as each new connection application is added to a group and the collective solutions change. This needs to be considered so that existing connection applications that are being processed are not held up by new applications arriving 'mid-process'.

Clause 20.1 (b1) Additional charges should be agreed with the Applicant prior to being incurred.

Clause 20.2 (b) There should be an obligation for Western Power to act in a timely manner.

Clause 20.2 (e) (ii) An applicant should be informed, and approval obtained, prior to additional costs being incurred.

Clause 20.3 (b) Western Power should not have discretion to determine if a competing application is impeded and therefore needs to be advised and given the opportunity to object to an applicant-specific solution. All competing applications should be advised as a matter of course.

Clause 20.3 (c) This states that a competing application may object. With the discretion currently afforded by clause 20.3 (b), that competing application may not be aware that an applicant-specific decision has been made.


Clause 20.3 (d) There should be a specified timeframe for resolving objections.

Clause 24.7 This clause provides no certainty to applicants, particularly where there are shared works being considered for a competing group. In addition, there may be significant delays if Western Power decided to reinitiate the processes under Clause 24. This clause should be reworked to address these concerns.

Clause 24A.3 (d) This should only apply where the amendment to an application is a material change.

I trust that these comments assist the ERA in its assessment of Western Power's proposed variation to the AQP. If any clarification is required, please do not hesitate to contact me.

Yours sincerely



**ANDREW EVERETT
MANAGER REGULATION**