

5 December 2011

Tyson Self, Manager Projects Access
PO Box 8469,
PERTH BC WA 6849

By email: publicsubmissions@erawa.com.au

Dear Sir

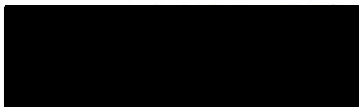
Western Power's Proposed Revisions to the Access Arrangement for the Western Power Network

Pacific Hydro (PH) is a wholly Australian owned renewable energy company that has been successfully developing and operating renewable energy assets for over 20 years. Through our owners, Industry Funds Management, approximately 5 million Australians are shareholders in our company.

Within Western Australia Pacific Hydro owns and operates the 30MW Ord Hydro power station located in the East Kimberley region. We also own a number of wind farms and hydro assets on the eastern seaboard. While PH does not currently have an operational plant in the South West Interconnected System (SWIS), we are in the latter stages of developing a large scale SWIS connected wind farm. As such, we are keenly interested in the revisions proposed by Western Power to the operation of the applications and queuing policy.

Our response is limiting to Appendix I – Proposed Mid-Term Revisions to the Applications and Queuing Policy for AA2.

Yours faithfully



John Vendel
Market Operations Manager
Pacific Hydro Australia

Encl: Comments in Relation to Appendix I - Revisions to the Applications and Queuing Policy for AA2

For enquiries regarding this letter, please contact:

John Vendel
jvendel@pacifichydro.com.au
Tel. 03 8621 6308

Comments in Relation to Appendix I - Revisions to the Applications and Queuing Policy for AA2

1. Substance of Previous Consultations

Given the elapsed time of the original proposal document in December 2009, Pacific Hydro considers that a specific consultation in relation to the Access Queue is warranted. The scope of the Access Arrangements limits the ability for the dedication of specific time and resources on this topic.

2. The ability to create efficiency through use of Competing Applications Groups (CAG's)

Although the use of CAG's and a common offer has appeal to Western Power in order to plan and augment appropriate sized networks, developers are subjected to uncertainties that drive investment readiness beyond the connection arrangements. The ability for developers to lock in key off-take agreements and funding solutions in an orderly sequence that matches the Western Power connection process is problematic. Developers will commit to the point of materiality however final arrangements will only proceed when other key arrangements are in place.

3. Western Power Resources

One of the primary benefits of the CAG's was to reduce Western Power resource requirements necessary for system studies. Ideally applicants could be studied together and the requirement to re-do studies would be reduced. The practicalities of this benefit appear based on the ability of multiple generation developers to act in unison. In practice developers will each reach their point of commitment at different times. This will result in studies being redone, designs being reviewed or the CAG stalling while the foundation developers await the slowest moving developer.

One of the positives raised in the proposal was the use of external consultants to perform studies. Pacific Hydro considers this to be difficult in practical terms given the issues around confidentiality in the SWIS.

4. Use of Bypass

The existing Bypass provisions enable developers a process to move ahead of higher queue placed applicants. These provisions have resulted in generation coming on that was placed lower in the Queue. Pacific Hydro considers the existing Bypass arrangements to be adequate for generation. Western Power has not provided details on why the current Bypass process is not efficient.

5. Potential Solutions are allocated arbitrary

Solutions that meet the needs of a particular CAG will be charged uniformly across all parties; however some solutions may only be relevant for specific developers resulting in a smearing of augmentation costs. This may not be a desirable outcome for developers who have good connection access.