

18th May, 2006



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Dear Ms Watkins

WASEA Inc'S SUBMISSION – PROPOSED ACCESS ARRANGEMENT FOR THE SOUTH WEST INTERCONNECTED NETWORK

The Western Australian Sustainable Energy Association (**WASEA**) Inc. is pleased to provide this submission on the Regulator's Draft Decision on Western Power's Proposed Access Arrangement (the **Draft Decision**) for the South West Interconnected System (**SWIN**). WASEA Inc's particular interest in the proposed Access Arrangement is to see that it:

- provides mechanisms which encourage the development of renewable energy projects, both large and small in the SWIN (consistent with the objectives of Part 9 of the *Electricity Industry Act 2004* (WA)); and
- encourages the efficient use of electricity in the SWIN.

Outline of Previous Submission

WA SEA Inc's original submission dated 10 November 2005 focused on the following key elements of the proposed Access Arrangement:

- whether the proposed applications and queuing policy accommodates the interests of existing and prospective renewable energy users (including timing and capital contributions);
- Western Power's proposed capital expenditure relating to the SWIN and the accommodation made for renewable energy developments;

- the network planning approach adopted by Western Power, the assumptions in relation to load growth and the mechanisms used to minimise the high load, low capacity factor growth;
- whether the discounts offered for distributed generation encourage the siting of renewable energy generators at 'corners' of the network;
- whether references services to be offered by Western Power:
 - facilitate the connection of renewable energy developments to the SWIN (both large and small);
 - encourage sufficient pricing signals to loads to conserve energy and appropriately use distribution infrastructure; and
 - provide any disincentive for the addition of high load, low capacity factor loads that are continuing to manifest as the major growth on the SWIN.

Comments on the Draft Decision

We have reviewed the Draft Decision and note the changes proposed by the ERA to the access arrangement. We support the changes proposed which lead to greater clarity in the applications process, tariff structures and prices; certainty in respect of access provided; and increased cost effectiveness at both the pre-access and post access stages.

However, we still consider that many of matters raised in WA SEA Inc's Submission may not be reflected in the final Access Arrangement, thereby missing an important opportunity to promote sustainable energy outcomes for Western Australia.

Our key concerns are as follows.

- (**Limited capacity**) Proposed investment in the electricity network should proceed in a way which provides for greater access for renewable energy (particularly intermittent) to the SWIN (given the limitations on such access to date).
- (**Application costs and system studies**) We note that the ERA requires an amendment be made to clause 4.2 of the Applications and Queuing Policy in relation to the payment of Western Power's costs during the informal discussion process (during the period prior to an access application being made). This change will be welcomed. However, we remain concerned about the costs related to the provision of information and the present approach to the undertaking of system studies, this process can be expensive and lacks transparency.

Mission:

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- **(Timing of application process)** We query whether the time limits, for example for acceptance of an access offer, are realistic given the parties experience to date. Also, we query whether it is appropriate for no time limit to be imposed on Western Power for the making of an access offer in the event of a class 3 application. Finally, we view as important imposing an upper limit on the period of time after acceptance of an access offer that access services are to be provided by Western Power.
- **(Capital contributions by loads)** The content of the Draft Decision confirms the proposition that electricity consumption in Western Australia is trending towards high load, low capacity factor growth, particularly because of the increasing use of air-conditioning. We note that the ERA questions whether the tariffs proposed in the Draft Access Arrangement lead to cross subsidisation between the tariffs which are appropriate for users. We remain concerned that there are insufficient signals being sent to users, for instance through appropriate time of use tariffs and interval metering, so that costs are not being appropriately passed on to where they are incurred, leading to usage which is inefficient and costly. As previously stated, we do not believe that the simple differentiation of peak and off peak charging appropriately represent the costs associated with the provision of network services, particularly when considering the high peaks of summer. We consider that a more detailed differentiation of transmission and distribution pricing is appropriate and will provide more appropriate price signals to customers.

Concluding Comments

In closing WA SEA Inc is keenly aware:

- less than 1% of electricity generated in WA comes from renewable sources and that energy efficiency measures are not widespread
- community are supportive of renewable energy projects and energy efficiency practices and assume government leadership on the issue
- WA's economy is currently very greenhouse gas intense and extremely exposed to a price signal for carbon and a carbon price signal is expected within a few short years
- planning and access decisions made now must anticipate the need to respond to a carbon price signal in a way that facilitates sustainable energy practices

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Our comments are firmly aimed at facilitating the growth and development of sustainable energy practices within the WA system. In particular we are anxious to ensure the system does not send signals that result in sustainable energy solutions being denied. For example: cross subsidies that act to deny sustainable energy solutions that may otherwise be viable in an end of feeder or weak grid situation; or practices/codes that make difficult access for renewable energy projects; and charges and penalties that focus on inherent aspects such as small scale nature and/or diurnal or seasonal variability, are all unwelcome.

It is with the need to reduce the carbon intensity of the WA economy and grow WA's sustainable energy industry that the comments contained in this submission have been made.

Yours sincerely



Matthew Rosser
Chair
Western Australian Sustainable Energy Association (WA SEA) Inc.

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