

LEGISLATIVE COUNCIL
Question on notice

Tuesday, 17 June 2014

1277. Hon Robin Chapple to the Leader of the House representing the Minister for Energy.

I refer to Western Power's Applications and Queuing Policy released in April 2013, which means that an applicant applying for a connection of 50MW has to cover a preliminary offer processing fee of \$67,000 and a preliminary offer acceptance fee (component 1 and 2) of \$300,000, making a total cost of \$367,000 to be paid before any guarantee that the connection application will be approved, and I ask:

- (a) does the Minister think that the total application fee of \$367,000 is an impediment on emerging power producers;
- (b) if yes to (a), what will the Minister do to provide a better guarantee of access or a reduction in this cost;
- (c) if no to (a), why not;
- (d) are these articulated levels of costs anti-competitive, providing Western Power with an unfair advantage;
- (e) if yes to (d), what will the Minister do to ensure that cost ceases to be anti-competitive to emerging power producers;
- (f) if no to (d), has this been tested by the National Competition Policy; and
- (g) if no to (f), why not?

Answer

(a) The Enquiry and Application stages are fixed costs totalling \$8,500. The Preliminary Offer Processing and Preliminary Acceptance fees are for activities required to develop the solution to a point whereby Access Offers can be made. These activities include network studies, design, estimating and approvals (e.g. environmental) if required. These costs vary depending on the size of the project, site location, project specifics or complexity and other factors.

(b)-(g) The Applications & Queuing Policy (AQP) was approved by the Economic Regulation Authority (ERA) as part of Western Power's revised Access Arrangement (AA3).

The AQP requires all applicants to be treated equitably and be provided with a clear understanding of the requirements, potential timeframes and costs of connecting to the network.

The costs charged to applicants reflect the actual costs incurred by Western Power in developing access offers to enable the connection of new generators or loads to the network. For applicants who ultimately conclude an access contract, any Preliminary Offer Processing Fee and Preliminary Acceptance Fee paid will be counted towards the contributions payable by the applicant to the cost of the works required to connect the applicant.

The methodology to determine the Preliminary Offer Processing Fee and Preliminary Acceptance Fee was developed by Western Power through public consultation in 2013.

Western Power, as the network operator, is independent to and receives no advantage with regard to connections to the network.

m. Kahan