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6 February 2007

Mr L Rowe  
Chairman  
Economic Regulation Authority  
Level 6, Governor Stirling Tower  
197 St Georges Terrace  
PERTH WA 6000

Dear Sir

**Western Power's Revised Proposed Access Arrangement for the South West Interconnected Network**

We refer to your notice dated 17 January 2007.

These notes are provided to assist you to understand our predicament as an affected user. We understand a detailed case study will be submitted by the Great Southern Development Corporation.

For simplicity, information is provided in dot point format.

- Western Australian Abalone Ltd ("WAA") has a lease over 7.4 hectares of crown land at Bremer Bay on which it is constructing and operating an abalone aquaculture project.
- By June 2007, the facility will have sufficient tanks and infrastructure to produce 50 tonnes per annum (whole in shell).
- The cost to get to this stage will have been about \$7 million.
- The site is capable of being expanded to a total production of 200 tonnes per annum.
- It has a current local workforce of eight which will rise to 24, making it clearly the largest employer in town.
- Since final feasibilities in 2001, the cost of connection to SWIS has risen from \$58,045 to \$223,895 (GST exclusive).
- The only basis on which Western Power will supply a connection is that the supply be remotely interruptible and curtailable. WAA is required to shed 70% of its load for two hours per day and 100% for seven hours per day over all holiday periods (including four weeks at Christmas). No compensation is payable by Western Power for this interruption.

- Our supply requirement is for a constant load on a 24/7 basis. The supply infrastructure ('headworks') is therefore efficiently used.
- WAA supports the principle of headworks charges, subject to the following:
  - The charge is based on highest demand, not average. Hence the assessment for residences, etc would be based on their peak demand or allowance not off peak usage. It is the peak demand which determines the headworks requirement.
  - An allowance is made for existing connections. This is necessary to ensure a "level playing field". For example, the only other abalone farm in Western Australia is our neighbour at Bremer Bay. It has not had to incur even the costs WAA is now facing, let alone contribute to headworks.
  - The Government must, at the same time, expand its Regional Headworks Program to enable all the socially and economically desirable projects to commence notwithstanding the requirement to pay headworks charges.
  - As far as possible the headworks charge should be uniform across the State.
  - The calculation of the headworks charge must be transparent and provide for rebates in the case where excess connections occur over a set period.
  - Once an organisation has paid the headworks charge, its supply of electricity would be contractually guaranteed, regardless of subsequent new connections by other users.

As a user trying to obtain a reliable electricity connection and supply over the past 18 months, WAA has found the existing structure (Western Power, Verve, Synergy) extremely frustrating.

Any improvements to transparency and security of supply are to be welcomed.

Yours faithfully

**KEITH PLATEL**  
**DIRECTOR**