



Our Ref: WAIT/FILE/#(146)V1/#3005960  
Enquiries: A Everett  
Telephone: (08) 9424 1836  
Facsimile: (08) 9424 1818

18 May 2006

Director, Electricity Access  
Economic Regulation Authority  
PO Box 8469  
Perth Business Centre  
**PERTH WA 6849**

**VIA EMAIL: [wpcdraftdecision@era.wa.gov.au](mailto:wpcdraftdecision@era.wa.gov.au)**

Dear Sir

**DRAFT DECISION ON WESTERN POWER'S PROPOSED ACCESS  
ARRANGEMENT FOR THE SOUTH WEST INTERCONNECTED  
NETWORK**

Thank you for the opportunity to comment on the Economic Regulation Authority's ("ERA") Draft Decision on the Proposed Access Arrangement.

1. Verve Energy is pleased with the Draft Decision, particularly the attention paid to the appropriate determination of the weighted average cost of capital and the focus on the requirement for the proposed reference services, service standards et al to be brought in line with the respective Access Code requirements and objectives.

**Connection Access Contract ("CAC")**

2. The deletion, reference Draft Decision Required Amendment ("DDRA") 122, of a CAC is noted with concern, however.
3. The Electricity Networks Access Code ("ENAC") expressly anticipates that covered services may include connection services that do not involve the transfer of electricity, with 'connection service' defined as "the right to connect facilities and equipment at a connection point." A note under this definition states: "{Note: A

**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](http://www.verveenergy.com.au)

*connection service is the right to physically connect to the network, and will regulate technical compliance etc. It is not the same thing as an entry service or exit service, which are the right to transfer electricity.}*"

4. Additionally the Model Standard Access Contract in Appendix 3 to the ENAC ("MSAC") allows for two types of contract:
  - (a) the "capacity contract" in Parts A, B and D, which is a contract for an entry/exit service; and
  - (b) the "technical compliance contract" in Parts A, C and D which is a contract for a connection service.
5. In considering why a 'connection service' may be desirable and commonly used, an example is where one entity (eg the generation operator, or the end user) has technical control of the plant and another (eg a retailer) has the commercial responsibility for the transfer of electrons. The retailer may want nothing to do with the technical operation of any entry points or exit points. In addition the generator may want to maintain control over the technical aspects of the connection. This would become particularly relevant where a generator is selling electricity to multiple retailers (say a specific retailer for a specific generating location) and wants to ensure consistent technical compliance at each connection point.
6. Thus, it may be appropriate for the retailer to be bound only by some types of contractual provisions (eg contracted capacity (CMD, DSOC etc, payment/tariff, liability, customer transfer, curtailment), with the controller of the plant being bound by the technical provisions (eg directions from system operator, technical rules, complying with good electricity industry practice, liability etc).
7. The MSAC contemplated that a User might have a Capacity Contract which did not contain the technical compliance provisions but Western Power structured its PAA differently - there is a contract which contains both the capacity provisions and the technical compliance provisions, or a contract which contains just the technical compliance provisions. Verve Energy submits that the ERA might wish to consider whether there should be a capacity-only contract available for the situation where a User does not have any hands on technical role but has one or more Designated Controllers instead.
8. The PAA did not specify the Connection Service as a Reference Service. However, it did include standard terms and conditions for the Connection Service. It is likely that Verve Energy will, or might want, a connection contract. We believe therefore that ERA should ensure that a connection service is available:
  - (a) preferably as a reference service;
  - (b) but failing that as a non-reference service on specified terms and conditions.

9. Verve Energy understands that this is permissible under the ENAC and the ERA is requested to reconsider its decision to reject a CAC.

#### **Applications and Queuing Policy**

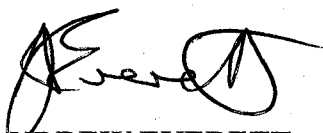
10. Access Offer Timeframes (Ref DD para 1586): Reasonable endeavours to satisfy timeframes is not adequate. ERA is requested to reconsider paragraph 17 of Western Power Generation's submission on the Proposed Access Arrangement ("**Original Submission**").
11. Ref paragraph 36 of the Original Submission: ERA does not appear to have considered the requirement per Clause A2.63 of the Model Application & Queuing Policy ("**MAQP**") for the Reserve Capacity Auction Process to be dealt with in the PAA.

#### **Transfer & Relocation Policy ("**TRP**")**

12. Ref DD Para 1919: ERA concludes that the TRP will not affect a user's ability to subcontract because the TRP only affects access rights and not performance under the contract. Verve Energy submits that this is incorrect. Clause 30.3 of the ETAC imports the whole TRP as terms of the contract. ERA has not required an amendment to clause 30.3.

Thank you again for the opportunity to comment on the Draft Decision.

Yours sincerely



**ANDREW EVERETT**  
**MANAGER REGULATION**