

FUEL AND ENERGY, PRIVATISATION

2607. Hon Derrick Tomlinson to the Minister for Housing and Works representing the Minister for Energy

I refer to the Minister for Energy's reported plan to put the Government's energy requirements of around 100 MW out to public tender, and I ask -

- (1) What information has the Minister received as to the financial impact on Western Power Corporation as a result of this proposal?
- (2) Given that the State-owned utility will no longer be supplying this requirement, does the Minister concede that this proposal is an example of the Government's attempts to privatise Western Australia's energy supply by stealth?
- (3) Has the Minister sought legal advice confirming the State Government's ability to package up the energy requirements of its Agencies?

Hon NICK GRIFFITHS replied:

- 1) The Minister has received advice from the Department and Treasury and Finance that the financial impact on Western Power is expected to be small, even if they were unsuccessful in retaining this sales volume. This is because Western Power would:

- compete in the electricity market to regain equivalent sales with other customers;
- retain network charges that would apply to the government load;
- avoid fuel and variable operating and maintenance costs; and
- attract Reserve Capacity Credits for the productive capacity of its plant, even without customers.

More importantly, if they were unsuccessful in retaining this sales volume, it has been estimated that the reduced tax equivalent and dividend payments to government from Western Power would be in the same order of magnitude as the anticipated savings through lower Government electricity purchase costs (i.e. neutral at the whole of government level).

- (2) The Government is strongly committed to the continued public ownership of Western Power and opposes plans drawn up under the previous government for the privatisation of Western Power and/or the sale of government owned power stations. A number of government agencies have been free to choose their electricity supplier since January 2000.

Changes put in place by the Gallop Government will come into place on January 2005, and will mean that 12,500 customers including many Government agencies will become contestable customers in the electricity market. It is expected that Western Power will be a strong contender for the business.

- (3) No. Legal advice has not been required to date.
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