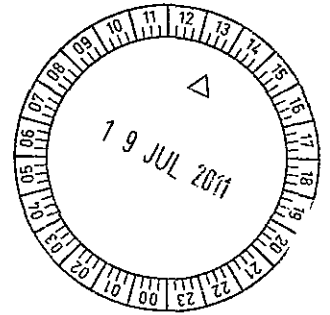


# PUBLIC



Thursday, 14 July 2011

## ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

### QUESTIONS ON NOTICE

*Question C1: Hon K Doust asked -*

(1) *What specific projects were put on hold as a result of the \$186 million gap between asset investment program and the ERA's capital expenditure recommendation of 4 Dec 2010? And what are the risks due to this underinvestment?*

**Answer:** Western Power reviewed its program taking into account customer-initiated changes that had occurred since the investment program submission to the ERA, as well as its prioritisation principles for Network investment. This resulted in a prioritised, and changed overall program, rather than specific projects/programs being put on-hold.

With the need to prioritise 2011/12 expenditure, the forecast has sought in all instances to preserve expenditure on public safety and make allowance for the most important elements of compliance. Some work associated with capacity expansion has been deferred in response to the lower growth forecast. New facilities investment targeting improved reliability has been deferred to future regulatory periods to enable the allocation of funds to higher priority areas. It should be noted that overall reliability in the South West Interconnected System is 99.96%, meaning that customers have power on average for 364.80 days per year.

*Question C2: Hon L Behjat asked -*

(2) *What capacity is there for undergrounding the 132kv lines at Balcatta substation?*

**Answer:** One of the key benefits of the Balcatta site was that an existing overhead 132 kV transmission line was located adjacent to the site. Therefore, undergrounding the 132 kV line entries to the future Balcatta substation was not deemed to be an option. While it is possible to underground the 132 kV transmission lines, it would be of additional cost and minimal benefit to the project.

It is important to note that the Balcatta substation is located within a commercial/industrial estate and the visual impact issues considered and discussed with the local community and local government authority have revolved around the amenity of the substation itself and not the existing transmission lines.

The distribution lines that surround the Balcatta substation will be placed underground as part of this project.

*Question C3: Hon K Doust asked -*

(3) *Break down of the costs of the Perth Solar City project, the various initiatives and the number of people involved. Additionally, a breakdown of the allocation of Federal monies and directed in-kind support from consortium member.*

**Answer:** See Enclosure 1

Questions C4 & C5: Hon R Chapple asked –

(4) *What is the expected cost of customer access work for the Mumbida Windfarm?*

**Answer:** Please see answer to Question 19 in Western Power's response to Estimates and Financial Operations Committee, Questions on Notice Thursday, 14 July 2011.

*Question C6: Hon K Travers asked –*

(5) *What is the total debt before any additional borrowing for the forward estimates and what you expect it to be at the conclusion of the forward estimates, on a year-by-year basis if possible? What is the budget for servicing that debt?*

**Answer:** Western Power's gross debt profile over the years 2011/12, 2012/13, 2013/14, 2014/15, 2015/16 is \$5605M, \$5992M, \$6381M, \$6795M, and \$7149M. This is consistent with the forward estimates contained in the State Budget 2011/12.

The budget for servicing this debt over the time-frame is contained in Western Power's Strategic Development Plan.

*Question C7: Hon K Travers asked –*

(6) *What is the minimum clearance required for a powerline running between bushland and the minimum required clearance from a road reserve?*

**Answer:** The minimum clearance will vary depending on a number of factors, including: the line's voltage; the type of construction (span length and conductor tension); the type of road (feeder/main/highway/freeway); and speed limit (impact barriers are required in certain circumstances). It is important to note that the clearances are based on Australian Standards 7000.

As far as bushland is concerned, clearing requirements depend on the voltage and construction issues and the type and height of the vegetation.



*Question C8: Hon K Travers asked –*

*(7) With respect to the lifting of powerlines, how much has been spent undergrounding powerlines in high-use areas? How much is budgeted for next year for that purpose?*

**Answer:** There is no specific program to underground powerlines in high-use areas. Western Power's lines are built to current industry standards that stipulate minimum clearance heights over roadways. Western Power has an obligation to ensure these lines maintain that clearance and currently has a project under way to identify and address instances where they do not. The project, titled 'Substandard Conductor Clearance', will ensure all road crossings meet the standard (Low-voltage 5.5 metres, High-voltage 6.7 metres). This project is underway with the worst locations being addressed first. This project will span 3 years, taking into account budget, resource and materials availability.

While the standard line height for road crossings is 5.5 metres (low voltage), any new road crossings are built to allow 6-metre travel without an escort. (For example, the new line height may be 6.6 metres for low voltage or 6.9 metres for high voltage, allowing for safety clearance).

If poles are being replaced as part of an upgrade or general maintenance, Western Power uses the opportunity to replace them with taller poles, thereby providing additional clearance at minimal extra cost. For example, three road crossings at Dwellingup have already been raised in this way, taking the line heights from 6.3 metres to 6.9 metres thus allowing 6 metre travel without an escort.

*Question C10: Hon R Chapple asked –*

*(8) What is the expected cost of customer access work for the Mungarra plant?*

**Answer:** Please see answer to Question 17.2 in Western Power's response to Estimates and Financial Operations Committee, Questions on Notice Thursday, 14 July 2011.

*Question C11: Hon K Doust asked –*

*(9) What provision has been made for the remuneration of directors and executive officers, what provision was made for the remunerating of directors and executive officers in 2010-2011 budget and what is the estimated expenditure for this financial year?*

**Answer:** Please see below table.

A handwritten signature in black ink, appearing to be 'K. Doust', written in a cursive style.

## 2011 Remuneration Report (unaudited)

2011	Salary & fees \$'000	Non-monetary benefits \$'000	Post employment super benefits \$'000	Long-term benefits (LSL) \$'000	Termination benefits \$'000	Total benefits \$'000
Directors	317	-	73	-	-	390
MD	377	29	81	11	-	498
Executive	2,081	133	569	60	660	3,503
	2,458	162	650	71	660	4,001
Total	2,775	162	723	71	660	4,391

\* excludes any short term incentive payments for 2011

*Question C12: Hon K Doust asked –*

*(8) What funding in the 2011/2012 budget has been provided to improve reliability in Wubin, Dalwallinu, Buntine, Sorrento, Hillarys and Geraldton?*

**Answer:** As of 14/7/2011, Western Power is investing an estimated \$0.47M on reliability improvement using Distribution Automation for the feeders servicing Wubin, Dalwallinu, Buntine, Sorrento, Hillarys and Geraldton in 2011/12.



Enclosure 1

Perth Solar City Program Overview				Total Cost		
Sub-Project	Target for Program (households)	Total to date	Expected completion date (quarter)	Federal Govt.	Western Power	State Govt.
<i>Smart Meter and AMI</i>	8,767	8,326	Sep-11	\$ 1,859,054	\$ 11,499,661	\$0
<i>In Home Displays</i>	2,200	1,900	Sep-11	\$ 234,700	\$0	\$0
<i>Time of Use Tariff</i>	1,500	412	Dec-11	\$ 187,000	\$0	\$0
<i>Direct Load Control</i>	375	211	Mar-12	\$ 82,500	\$ 725,000	\$0
<i>PV saturation trial</i>	30% saturation on selected feeder	30% saturation on selected feeder	Dec-11	\$ 191,000	\$ 202,500	\$0
<i>Living Smart (behaviour change)</i>	6,000	6,342	Sep-11	\$ 1,080,000	\$0	\$0
<i>Home Eco-Consultations</i>	3,500	1,801	Sep-12	\$ 1,130,000	\$0	\$0
<i>Residential PV</i>	825	410	Sep-12	\$ -	\$0	\$0
<i>Residential Solar Hot Water</i>	1,200	475	Sep-12	\$ 600,000	\$0	\$0
<i>Perth Arena</i>	111kW	No Activity	Jun-12	\$ 50,000	\$0	\$ 500,000
<i>Perth Zoo</i>	269kW	91kW	Dec-11	\$ 1,200,000	\$0	\$0
<i>Kings Park</i>	Education Facility	Building under construction	Mar-12	\$ 1,500,000	\$0	\$0
<i>Central Inst. Tech</i>	49kW	49kW	Complete	\$ 168,000	\$0	\$0
<i>Midland Foundry</i>	60kW	60kW	Complete	\$ 200,000	\$0	\$0
<i>Local Government Demonstration Projects</i>	12	10	Dec-11	\$ 528,059	\$0	\$0
<i>Program Management, Marketing and Communications, Data Analysis</i>				\$ 4,889,687	\$ 8,499,849	\$0
<b>SUBTOTAL</b>				<b>\$ 13,900,000</b>	<b>\$ 20,927,010</b>	<b>\$ 500,000</b>
<b>TOTAL</b>				<b>\$ 35,327,010</b>		

Notes 1: Consortium member contributions total \$12,127,339.

Notes 2: Household contributions i.e. purchasing PSC products and services (estimated at \$25m)