

**STANDING COMMITTEE ON  
ESTIMATES AND FINANCIAL OPERATIONS**

**2011–12 BUDGET ESTIMATES HEARINGS**

**TRANSCRIPT OF EVIDENCE  
TAKEN AT PERTH  
MONDAY, 27 JUNE 2011**

**SESSION THREE  
WESTERN POWER**

**Members**

**Hon Giz Watson (Chair)  
Hon Philip Gardiner (Deputy Chair)  
Hon Liz Behjat  
Hon Ken Travers  
Hon Ljiljanna Ravlich**

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**Hearing commenced at 5.37 pm**

**HON PETER COLLIER, MLC**  
**Minister for Energy, examined:**

**MR DOUG ABERLE**  
**Chief Executive Officer, Western Power, sworn and examined:**

**MR MALCOLM PEACOCK**  
**General Manager, Strategy and Finance, Western Power, sworn and examined:**

**MR MARK DE LAETER**  
**General Manager, Networks, Western Power, sworn and examined:**

**The DEPUTY CHAIR:** On behalf of the Standing Committee on Estimates and Financial Operations, I formally welcome you to today's hearing. Before we begin, I must ask each of you, as public servants, to take either an oath or an affirmation.

[Witnesses took the oath or affirmation.]

**The DEPUTY CHAIR:** You will have signed a document entitled "Information for Witnesses". Have you read and understood that document?

**The Witnesses:** Yes.

**The DEPUTY CHAIR:** This hearing is being held in public, although there is discretion available to the committee to hear evidence in private, either on its own motion or at the witness's request. If for some reason you wish to make a confidential statement during today's proceedings, you should request that the evidence be taken in closed session before answering the question. Government agencies and departments have an important role and duty in assisting Parliament to scrutinise the budget papers on behalf of the people of Western Australia, and the committee values that assistance. These proceedings are being recorded by Hansard. A transcript of your evidence will be provided to you. It will greatly assist Hansard if, when referring to the *Budget Statements* volumes or the consolidated account estimates, members give the page number, the item, the amount and the program in preface to their questions. If supplementary information is to be provided, I ask for your cooperation in ensuring that it is delivered to the committee clerk within 10 working days of receipt of the questions. Should you be unable to meet this deadline, please advise the committee clerk immediately. An example of the required Hansard style for the documents has been provided to your advisers. The committee reminds agency representatives to respond to questions in a succinct manner and to limit the extent of personal observations. For the benefit of members and Hansard, I ask the minister to introduce his advisers to the committee and for each adviser to please state their full name, their contact address and the capacity in which they appear before the committee.

[Witnesses introduced.]

**The DEPUTY CHAIR:** Does the minister wish to make any opening statement?

**Hon PETER COLLIER:** No, as always, I am very accommodating so there will be more time for questions.

**Hon KATE DOUST:** I refer to the Mid West energy project under the asset investment program on page 620 of the *Budget Statements*. On 3 June 2010, during Assembly Estimates Committee A, Mr Aberle stated that the business case for this project was going to the Western Power Board at the

end of June and would be provided to the government in July. When did the Western Power Board approve the business case?

**Hon PETER COLLIER:** I can talk generically about the project.

**Mr Aberle:** June 2010.

**Hon KATE DOUST:** When was the business case provided to government?

**Mr Aberle:** It was July 2010.

**Hon KATE DOUST:** Why has the business case not been approved by government?

**Mr Aberle:** It is still afoot.

**Hon PETER COLLIER:** The negotiations are still ongoing as we speak. Does the member have some more questions to come through?

**Hon KATE DOUST:** I have.

**Hon PETER COLLIER:** I can explain after that. There is no issue with the project.

**Hon KATE DOUST:** I would like the minister to explain, if the government has had that business case since July of last year, why the delay in approving it?

**Hon PETER COLLIER:** It is still ongoing. The extension to the Mid West energy project is based upon a number of premises. The first is the key proponent, and those negotiations are continuing; and also the continued growth in the Mid West. We have allocated the funding. We are still on the time line; we are meeting the targets. We are waiting for the new facilities investment test as we speak. Negotiations will continue. There is no issue over the Mid West energy project as far as the government is concerned.

[5.40 pm]

**Hon KATE DOUST:** It might be as far as the government is concerned, but let me assure you, minister, there is as far as the players out in the Mid West are concerned.

**Hon PETER COLLIER:** Who in particular —

**Hon KATE DOUST:** Now, my next question: given last year's budget had over \$200 million being spent in 2011–12 on this project, why has the majority of the funding been deferred to 2012–13?

**Hon PETER COLLIER:** Because the project has been put back

**Hon KATE DOUST:** When do you anticipate that construction will commence and when will the line become live?

**Hon PETER COLLIER:** As I have just said, the whole point of the exercise is, number one, negotiations with the key proponent are continuing and they will continue. We are still waiting for the NFIT test from the ERA to be completed. In terms of the time line, yes, originally, it was early 2013, and that has been put back to 2014. At this stage, should all the boxes be ticked, yes, that first tranche will be completed in that time frame.

**Mr Aberle:** That is a fair summary. At the moment, if it passes NFIT and the rest of the negotiations are completed, we would expect it to be energised Q1 of calendar 2014.

**Hon KATE DOUST:** That is the only for stage 1 of the Mid West energy project?

**Mr Aberle:** That is correct.

**Hon KATE DOUST:** What work is being done by Western Power on the northern stage and is there any money in the forward estimates for this project?

**Hon PETER COLLIER:** No, just with regard to the second stage, there will be continued monitoring of load growth in the years ahead to determine the necessity for that second stage of the line.

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**Hon KATE DOUST:** But, I mean, minister, going back to before you came into government, that necessity had already been determined. In fact, I understand a technical report was conducted by Western Power in 2008 that put the case that indeed this line was required to ensure that there was security of supply through this area. Now, if that was so urgent back in 2008, why is this continuing delay in getting this line up and going—both stage 1 and stage 2, and the continuing uncertainty for both the iron ore companies in that area, the renewable projects and indeed the City of Geraldton—Greenough, and looking even further to the Oakajee project, which we know is very close to the heart of the Premier? If this project does not go ahead in the next year or two, I want you to explain to me what your understanding of the implications for each of those types of groups are in the forward years.

**Hon PETER COLLIER:** A couple of things: number one, the determination for the entire line was based on a situation pre global financial crisis. A number of projects came off as a result of that and there is a lot of uncertainty with regard to other projects. What happened, as I am sure you will remember, is that the original cost of the line blew out considerably.

**Hon KATE DOUST:** I do remember that, minister. You cannot provide the reasons why.

**Hon PETER COLLIER:** As I said, negotiations with the key proponent continue. If that goes ahead, there will literally be no issues. Load growth in the Mid West continues to be monitored. It continues to be monitored. Now, we are still within the time frames, I repeat, to meet that load growth. At this stage, it is anticipated should all the boxes be ticked, should the NFIT test be met, should the key proponent, the negotiations, if they have concluded effectively, yes, there will be no issues. But as far as the government is concerned and as far as Western Power is concerned, we will continue to monitor all those situations and then make the determination. At this stage we are on track.

**Mr Aberle:** That is fair. We run a 20-year horizon planning process, which we review on a regular basis. We upgrade every area on a two-yearly basis and that allows us to continue to monitor the ebb and flow of drivers for construction. We aim to be in the window where we are just in time for the work to be needed and not too early or we waste the cost of money. That process by which we continue to review the horizon enables us to do that. What has happened with this project is that we have applied that to it and, as we said earlier, we are confident that the lower section will be completed in time and the northern section is driven, as the minister has said, by a variety of issues. Should something happen in the short-term, there are means of continuing to meet load while that is brought along. The other things that come and go, apart from loads, are proponents and various forms of generation and we continue to monitor those as well.

**Hon KATE DOUST:** Minister, if this line is not upgraded in both parts, stage 1 and stage 2, what do you think will happen to power supplies in that area? Will they be able to cope, given growth?

**Hon PETER COLLIER:** I actually think I have responded to that. As I said, we continue to monitor load growth and we are confident that we can meet the energy demands of the Mid West.

**Mr de Laeter:** I will just confirm that we have plans in place to meet the needs of the existing customers to keep the lights on in Geraldton, if you will, and to meet a certain amount of load growth. If the mining sector or, indeed, the generation sector does not drive the need for the south section or the north section in the near term, we have contingency plans to provide for the existing customers.

**Hon KATE DOUST:** Just one last question on that aspect, given the delays, the blow-outs in dollars and the uncertainty that has occurred, and given that we still do not know if and when this will actually happen, why is it that a private mining company such as Karara has been able to move forward and build their own line at, from memory, the cost of the originally 330-kilovolt upgrade was. Why is it that a private company can do that and government is still dragging its heels?

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**Hon PETER COLLIER:** It is not, and I have been through this about three times. I stand by my previous comments. We are following the load growth. We are waiting for the NFIT test. Negotiations with the key proponent continue and we are on track. That is all I can say—again.

**Hon KATE DOUST:** I will move on to the next question —

[5.50 pm]

**Hon KEN TRAVERS:** You mentioned a second ago that you had contingency plans in place if there is a growth that goes beyond what you are planning. What are those contingency plans?

**Mr de Laeter:** For the existing customers in Geraldton we have three forms of reinforcement, or fallback positions, available. One is to pursue demand-side management that is essentially curtailable loads to meet peak demand. Secondly, we can install local generation—a relatively small amount. The third approach would be to reinforce some of the transmission lines from the local power stations that are actually a constraint on transferring increased generation from the existing infrastructure. So we would pull those three triggers in that order, because of cost, to meet the load growth, if necessary.

**Hon KEN TRAVERS:** You say you are doing ongoing modelling; is part of the reason that your modelling shows that you do not require that northern extension at this stage because the Oakajee project has been pushed back in terms of its completion date?

**Mr de Laeter:** The northern section is open to two primary drivers. One is load growth beyond our current levels that I mentioned before that we could take care of with those three options I mentioned. Load growth probably would not drive the sort of reinforcement that we spoke of in 2008. But what would, which is 330 kV reinforcement, is generation. So if a new large generator, which is to connect to the network in or about the Geraldton area, is renewable or non-renewable, that would be a supporting factor for completing the northern section, because without the northern section, large new generation cannot connect currently.

**Hon KEN TRAVERS:** So to put it in the layman's terms, you are saying that the issue is about sending power down the line, not taking power up the line?

**Mr de Laeter:** Not exactly. The issue is being able to connect and to continue to operate the network in a stable operating regime with connecting large new generators. There are technical reasons why it is about not so much whether it is transferred in Perth or otherwise; it is about being able to operate large generators at the end of a very long interconnected network.

**Hon KEN TRAVERS:** To put it another way, there is the proposed development at the Geraldton Port Authority, in terms of the upgrade there for shipping—which uses a fair bit of power—of iron ore and other commodities, and the expansion of an industrial area at Oakajee; you are comfortable that you can meet the power demands of those sort of developments without any increase in the capacity on that northern line, the line between Geraldton and Eneabba.

**Mr de Laeter:** The increased load demand from the expansion mooted for Oakajee and the industrial estate is beyond what I would term the demand from existing customers. That load contribution is one of the factors that we have taken into account to optimise the timing of the northern section.

**Hon PETER COLLIER:** The second half?

**Mr de Laeter:** The second half.

**Hon KEN TRAVERS:** Is the upgrade of the port factored into your modelling?

**Mr de Laeter:** Yes, similarly that is a factor that comes into play with determining the timing and the configuration of the northern section, noting that the southern section, when completed, provides, obviously, a boost to the transfer capacity or the supply capacity through to Geraldton.

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**Hon KEN TRAVERS:** So you can do the upgrade of the port without any increase in the capacity north of Eneabba?

**Mr de Laeter:** No, I did not say that.

**Hon KEN TRAVERS:** You have got me completely bamboozled now.

**Mr de Laeter:** I will try again. There are existing customers, which does not include OPR—the new port—or new industrial estates around Oakajee Port and Rail. We currently have sufficient capacity to meet the requirements of the existing customers in Geraldton and a degree of load growth beyond that from existing customers and small new customers, number one. Number two, when we put in the south section reinforcement, we get a boost to the transfer capacity, or, if you like, the capacity—the supply capacity in Geraldton—of about 20 megawatts. Beyond that, we would probably need to construct the north section. The configuration of the north section will depend on the extent of the load growth, and whether or not generation wants to connect. I can go into details, if you wish, about the configuration differences.

**Hon KEN TRAVERS:** No, no. But I was talking about the upgrade at the Geraldton port, the existing port, not just Oakajee.

**Mr de Laeter:** The existing port, from what we have been told about by GPA, with those three options I mentioned before we are able to keep the lights on and make that growth.

**Hon KEN TRAVERS:** Sorry, hang on. So for Geraldton port to go ahead, you would have to apply your contingency planning?

**Mr de Laeter:** We may have to. It depends on timing. But that is part of the growth from the existing customers. Sorry, when you were talking about “port”. I thought you meant Oakajee.

**Hon KEN TRAVERS:** Yes, I understand that, and that is why I was trying to make it clear that there are the two op ports. So my original question was whether the delays in Oakajee would certainly have an impact on your modelling.

**Mr de Laeter:** Yes, it does.

**Hon KEN TRAVERS:** And then I came back to the Geraldton port. For the proposed upgrades at the Geraldton, will they require you to look at contingency planning for that to go ahead?

**Mr de Laeter:** Correct.

**Hon KATE DOUST:** I just want to refer to page 288 of budget paper No 3, under the heading of “Efficiency Dividend”. Last month, when Western Power appeared in the budget estimates in the other place, during the testimony provided to the estimates committee Western Power indicated that it would need to reduce costs by over \$25 million to comply with the government’s efficiency dividend. Given that the new financial year is only a few days away, has Western Power completed its implementation plan?

**Hon PETER COLLIER:** I will ask Mr Aberle to respond to that one.

**Mr Aberle:** I might seek some support from my CFO, but the short answer is, yes, we have looked beyond mere operational efficiency at what is projected to be spent into the out years and what we think we can save on that by looking at a variety of means including reduced interest payments and reduced depreciation. We are confident that we can meet that requirement for 2011–12.

**Hon KATE DOUST:** Aside from those two areas you have just nominated, where else will you draw savings from? Will there be any cuts to projects or activities?

**Mr Aberle:** No. One of the obligations put on us with the request was that we did not impact service, and so by looking in those kinds of areas we will not, so there will be no diminution of service or project.

**Hon KATE DOUST:** So it will just be focused on those two areas you have already cited.

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**Mr Aberle:** Largely; I am not sure if there is anything else.

**Hon KATE DOUST:** Can you provide other detail about where you will provide those savings?

**Mr Aberle:** Not off the top of my head. They are, by far, the bulk of the source.

**Hon KATE DOUST:** I am happy to take that on notice for you to provide information about other areas of saving.

**Mr Peacock:** I could probably answer that just to avoid the supplementary. I think we have identified some savings that are not going to impact on services from our costs of metering, and also some costs in the non-reference service area as well.

**Hon KATE DOUST:** Sorry, in the?

**Mr Peacock:** Non-reference service activities—services that we provide. They are genuine efficiency cost reductions, but they will not impact on service delivery whatsoever.

**Hon KATE DOUST:** Can you just explain to us what those non-reference service areas are?

**Mr Aberle:** Yes. They are services that are not captured by the regulatory regime, so they are services that we provide to people for a profit—we charge people.

**Hon KATE DOUST:** Such as?

**Mr Aberle:** Dealing with high loads, and relocations of poles and other assets that people sometimes request as part of a development, which do not impact on anyone else so it is not appropriate that they go onto the regulated base. We charge people for that. It is those kinds of activities. They are not an enormous revenue spinner for us, but for that kind of thing we have found some efficiencies in delivering those.

[6.00 pm]

**Hon KATE DOUST:** Coming back to budget paper No 2 and page 619 under the “Asset Investment Program”, and again referring to questions raised in the other place during its estimates period, Mr Aberle was unable to enumerate projects that had been put on hold as a result of the \$186 million gap between the asset investment program and the ERA’s capital expenditure recommendation of 4 December 2010. Does Western Power have this information now; and, what specific projects does this underinvestment relate to?

**Mr Aberle:** It was not a question of identifying specific projects that did not go ahead; oftentimes there is a delta in the overall totals which do not necessarily attach to specific projects. That circumstance remains. I cannot offer you more than that.

**Hon PETER COLLIER:** We can take it on notice.

**Hon KATE DOUST:** If you are going to take that on notice, can you also provide me with a response on what risks arise due to this underinvestment?

[*Supplementary Information No C1.*]

**Hon LIZ BEHJAT:** I have a question regarding page 618 and “Transmission”. That also refers to page 619, “Transmission”, under “New Capacity, Asset Replacement and Public Safety”, with \$113.9 million. Fifty-five million dollars will be spent on new capacity including works for a new substation at Balcatta. What I would like you to do, if you are able to now, or you can take it on notice if you have to, is give the actual amount of money that is to be expended on the substation at Balcatta and the time line for those works.

**Hon PETER COLLIER:** I think we have that. Mr de Laeter might know it.

**Mr de Laeter:** I do not have the exact figure for expenditure on Balcatta alone.

**Hon PETER COLLIER:** The question specific to Balcatta, we will take on notice.

**Mr de Laeter:** We would have to provide that separately.

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**Hon LIZ BEHJAT:** Together with that, whether there is any capacity for undergrounding the 132kV lines at that substation.

[*Supplementary Information No C2.*]

**Hon LIZ BEHJAT:** In relation to the Toodyay disaster with the fire and poles, there was the 2008 audit which was referred to in Commerce at page 460 of the budget papers, but it is also referred to elsewhere. Can you give us an update on what is happening to the audit and the works that are being done so that we can be confident—as much as you can ever be confident when you have wood poles—that we are not likely to see another disaster like Toodyay happen?

**Hon PETER COLLIER:** When you have got wood poles, you are always going to have difficulty. They have well in excess of about 630 000 poles with Western Power, which is wood poles, which itself presents enormous challenges for the corporation. In June 2008 they had a pole maintenance backlog of around 73 000. That is now nil. They have done extremely well from that perspective. For the 2010–11 financial year to date, they have inspected over 120 000 poles. We will provide around \$177 million over the two-year period from 2010–11 to 2011–12 on pole replacement and reinforcement. Of that amount of \$177 million, \$79.5 million is additional funding. We have certainly made the investment. Western Power has brought down the pole maintenance inspection, which is very, very good in terms of the inspection backlog. That has now been reduced to nil, which is a positive step forward. As I said, when you have one of the largest above-ground networks in the world, it brings with it special challenges and special problems. It is an ageing network. It is a network that has been, I have to say, neglected by successive governments over decades, but the fact that we have really injected so much money over the last couple of years, and the inspection backlog has been reduced to zero, is testament to Western Power.

**Mr Aberle:** If I could just for clarity point out that the backlog is down at the functional minimum, which is not zero—there is always between zero and 1 000 waiting to be done because you do not go out and do one pole at a time—but sitting at that level is tantamount to nil. For absolute clarity, there is always a small population programmed to be inspected in the immediate weeks.

**Hon LIZ BEHJAT:** Are there other strategies or programs that Western Power is implementing or developing in relation to minimisation of bushfire risk so that you do not get to the point where the wood poles are burning?

**Hon PETER COLLIER:** Yes, and it is not just Toodyay. They are constant. During that period I am sure those people that live in the hills will always live with that endless threat that there will be a fire, as well as losing their homes of course and/or they will lose power. Eighty-two million dollars will be spent to improve safety in bushfire management particularly in high fire-risk areas. In addition to that, I launched a program, in unison with Terry Redman from Corrective Services just a couple of months ago, whereby those people on community service will actually coat poles with fire-retardant paint. It is a really good program. I would like to think we can extend it. I might ask Mr Aberle to comment about where we are at with it. The pilot is about to start. It is very, very good indeed. It will utilise the strength and energy of people on community service orders. Number one, it will give them something to do that is productive, meaningful, gainful work, and at the same time it will provide a real community service. I went down and had a look when we launched it. It is compelling stuff. If you go and have a look at it, look at the poles, those that were covered with the fire-retardant paint and those that were not, the distinction between the two, when they were literally flame-thrown, was profound. Mr Aberle, can you tell us a bit more about the actual program?

**Mr Aberle:** Obviously the point of that kind of coating is to impact on the pole's performance when it is in a fire. It does not impact on stopping them from starting a fire, although they start fewer than you might imagine. One of the big issues of course, if a fire goes through and the assets are taken out, is that it impacts on people's ability to fight the fire and how quickly we can restore them. That coating approach which we target at high and extreme fire-risk areas, and areas where



there is a fair fuel load, is really aimed at making it much faster to restore power. We had a practical example of that in the Roleystone fire where the ones that were retardant-coated survived very well. That is worth understanding. We machine-coat ones that are destined for those areas at the point of production, but of course there is a reasonable population of relatively new pine poles already out there. The program the minister is talking about is really back-coating while they are in situ. The other thing that is worth pointing out is that from a prevention point of view, we also silicone-coat about 20 000 insulator bunches during the year. That is in areas of moderate to high bushfire risk. That reduces the possibility of pole-top fires starting by reducing the impact of arcing when moisture gets on a pollution-coated insulator. That is an additional program from the point of view of prevention, along with all of the other activities like removing old drop-out fuses and replacing obsolete overhead connections.

[6.10 pm]

**Hon LIZ BEHJAT:** I guess that you have all your crews on standby for tonight's expected storms, as well.

**Mr Aberle:** They are always on standby.

**Hon LIZ BEHJAT:** That is fine; thanks, Mr Chair.

**Hon ROBIN CHAPPLE:** I refer to page 618, "Asset Investment Program" and the —

**Hon PETER COLLIER:** What was that again?

**Hon ROBIN CHAPPLE:** Page 618, "Asset Investment Program"—

**Hon PETER COLLIER:** Yes.

**Hon ROBIN CHAPPLE:** — and the \$590.6 million in distribution asset investment. Will some of these funds be allocated to the Carnarvon area?

**Hon PETER COLLIER:** For the what, sorry?

**Hon ROBIN CHAPPLE:** To the Carnarvon area?

**Hon PETER COLLIER:** No; that is outside the SWIS—that is Horizon.

**Hon ROBIN CHAPPLE:** Okay, so maybe I will move on and ask you a question about the Carnarvon area, or is that not possible?

**Hon PETER COLLIER:** No; that is Horizon Power.

**Hon ROBIN CHAPPLE:** All right. Given that much of the transmission and distribution infrastructure is reaching the end of its life, generally, is there a focus on ensuring new investment in infrastructure will enable the network to integrate and manage increasing levels of distributed largely intermittent generation for any renewable energy sources? I mean, if we are replacing the infrastructure are we actually taking—are we being cognisant of the move to renewable energy in that replacement?

**Hon PETER COLLIER:** I will just make a few short comments and then I will ask Mr Aberle to comment in a specific sense with western—I understand where you are coming from and the last access agreement provided around \$3.5 billion and we are working towards the third access agreement now. So yes, we continue to pump literally billions of dollars into the network and as I said before we have one of the largest above-ground networks in the world. I know this frustrates you, but you need —

**Hon ROBIN CHAPPLE:** I am very cognisant of that; I really am.

**Hon PETER COLLIER:** Yeah, but I am giving you a bit of background on it.

Now what we have to understand therefore is that brings with it special challenges, and we are conscious of that and we continue to invest in the network. Now one of the biggest challenges that

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we have got at the moment, and I agree with you, is whether or not that network has the capacity to take further load from renewable energy sources. Right? And that is one—that is why, exactly why, we have got the strategic energy initiative: so we can access, we can look at that whole raft of the energy needs of the state, including the network, including generation—all sorts of generation—to ensure that we are better placed and that we do not have this ad hoc, catch-up mechanism that we have done in years past. So I am confident that the SEI will contribute to ensuring that we are better placed both with regard to the network, but also with regard to generation and the types of generation that will be utilised in the decades ahead. Now with regard to specifically looking at catering for the needs of renewable energy, I will ask Mr Aberle to comment.

**Mr Aberle:** Or perhaps Mark and I between us.

Let me give you some context. Renewables basically come in two broad varieties. There are high megawatt or high-load generators and the process that I described a little earlier for the ongoing constant monitoring of what the transmission system is going to need to do, takes into account what is on our horizon in terms of large renewables. So, for example, wind farms like Collgar, which we have just connected out of Merredin ahead of schedule and ahead of budget. Those kinds of large renewables are dealt with in very much the same way that we look at a large-load or a large conventional generator. They make an application to connect to the system and we build and extend the system in order to cope with them. And they are also some of the drivers, as we mentioned earlier, on the northern section of the Mid West energy project. So they are relatively easily included because we can consider them in exactly the same way as any other large demand, and we have demonstrably done that.

At the more distributed end, so we are now talking about much smaller generators—household or business level photovoltaics, for example. We are in fact accommodating a very substantial number of those—3000-plus a month applications. In fact, it has spiked beyond that, thanks to some of the stimulus that has been out there. We are able to do that by, essentially, accommodating them in the system as it stands. Looking forward, our particular support of smart grids and advanced metering really—one of the reasons we are a proponent of that and looking to support it—is that it is a great way of enabling that kind of distributed generation to be connected without us having to make large investments in the static system as it stands to cope with some of the variations that arise from a very large number of those small generators coming on to the system. Some of this funding is actually allocated to support us moving in that direction and we are also running a Perth solar cities trial, which leverages a lot of commonwealth money to give us a lot more insight into how those kinds of meters will help us to bring on renewables and also help us to accommodate the impact of electric vehicles, which will potentially help us to work with intermittent generators so that we can maintain some kind of stability on the system. To be able to do all of that, by having advanced metering or advanced grid structure is important. Mark, you might just want to comment on some of the things that we are doing into the next period to support that.

**Mr de Laeter:** Thank you. I support all of those points and, by way of providing extra detail, under the Perth solar city program we are undertaking photovoltaic saturation trials. It is our objective to not invest in the network, in terms of increasing the number of poles and wires, if you like, except as a last resort. So helping to understand how the network behaves and how we might work with our customers to avoid the need to increase the expenditure in the network is our objective. If we have to, we certainly will. Secondly, in terms of our investment in making a smarter network, we already have a very advanced network control system. Our system management program is the most advanced in Australia, if not the world, and combining that with smart devices out in the network—we call it distribution automation—also provides us with a lot of flexibility, a lot of information, and a lot of control to help manage the network with the increasing degree of, I suppose, uncertainty, with respect to the flow of electricity that might, that is, start to happen at with the penetration of renewable and intermittent generation. So we have a range of programs in place, and strategies under way.

**Hon ROBIN CHAPPLE:** Just on that very point: is Western Power planning to introduce static voltage amperage regulated compensators, or stat-coms, to facilitate the management and integration of renewable energy generation? To what extent, if at all, is this funded in infrastructure spend proposed in these budget papers?

**Hon PETER COLLIER:** Go for it!

**Mr Aberle:** We already have stat-coms—static VAR compensators—on the network. They are not just to support the connection of renewables; they are a viable, cost-effective way of increasing the capacity of a network without building, for example, another line. So we already use them and if evolution of demand on the network, whether it be renewable or otherwise, drives the need for that kind of upgrade, we do it.

**Hon ROBIN CHAPPLE:** Okay, so you are not looking at any particular line item in stat-coms to facilitate the uptake of renewables. Certainly, they are one of the elements that enables that sort of load balancing.

**Mr Aberle:** Not peculiarly; they are one of a number of potential responses.

**Hon PETER COLLIER:** An option.

**Mr Aberle:** Yes. And so we look at it—in a way, anything that comes onto the system will have a power and a voltage profile, and we look at what is going to do. If a stat-com is the best way to manage its impact, we use it. But they are not peculiar to renewables.

**Hon ROBIN CHAPPLE:** Okay.

Really, this is all coming out of page 618. Has Western Power modelled how energy conservation approaches could be utilised to manage the issues of increasing demand, especially peak demand, and whether this could be a more cost-effective measure for Western Power, the state government and the consumer?

[6.20 pm]

**Mr Aberle:** Yes, we are particularly interested in the potential impact of demand-side response to minimising peaks. We are very conscious that over a period of about six years, the peak, largely driven by air conditioning penetration, moved from occurring over about three per cent of the year or a couple of weeks down to less than one per cent; that means that we are investing in the network very inefficiently, if you like—its load factor is very poor. So, we are particularly interested in what opportunities there are to draw the customer into the organism of the network so that their behaviours actually impact what needs to be built, and in turn reduce the overall cost. We made some specific experiments; we are using the opportunity of Perth Solar Cities that we have already referred to to experiment with what happens with various combinations of smart meters, in-home displays and price signals, because it is a combination of these things that actually drives that outcome.

We also ran a trial two years ago on a single feeder where we obtained the permission of the people on that feeder to fit a control device to their air conditioners so that we could turn the compressors off for different times during the peak without affecting their amenity, and we reduced the peak on that particular feeder by the order of about 25 per cent. That proved to us that this was possible to do. Our further research—because we do not do this in a vacuum, but we work with our sister utilities—suggests that a combination of the right kind of smart meter, the right kind of immediate feedback in the form of some kind of read-out, and the right kind of time-of-use pricing signal will produce a shaving of the peak. The beauty of things like Perth Solar Cities is the opportunity it gives us to conduct that kind of research and really refine what we can expect. The last comment I would make is that, as we get a clearer picture of that—because it varies across geographic and demographic arrangements—we really need to be able to make the right kind of investment in smart meters well in advance of seeing the impact of us not needing to build, because you need to have

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that in place for some time. So it is very much a social business case rather than a specific one to the business, but that is the sort of work that we are engaged in, and it is exactly that kind of thing that the SEI supports us doing.

**Hon ROBIN CHAPPLE:** Finally, on that very point, whilst with Sustainable Cities, obviously you have been looking at the modelling and testing, are you rolling out any agreements with consumers over demand management, or is it something you are thinking about for the future?

**Mr Aberle:** It is something that we are actually getting data on to do well into the future. We have observed what has occurred in Victoria. Things like Solar Cities are a great opportunity to help us to really understand the interaction between the technology and people using it, and we want to learn from that so that as a rollout does occur, it is positioned in such a way that it really brings a positive outcome.

**Hon ROBIN CHAPPLE:** Would you have any ideas about when that rollout might be?

**Mr Aberle:** The Solar Cities work is now, but we will roll out some meters in the next period as we have to replace ageing ones, and our intention is to roll out ones that are enabled to be fitted with the right equipment. But the kind of program you are talking about in terms of really engaging the community, we would see —

**Hon ROBIN CHAPPLE:** And industry.

**Mr Aberle:** Of course; I meant community in the broader sense. It would be likely to occur within that time frame, but I do not have a period for you right now. We still think there is more to be gained and learnt from the projects that are afoot right now, so that we do not make a misstep in doing that.

**Hon KATE DOUST:** I want to get a little more information about the Solar Cities project. You might be able to provide this later. How many residents have actually had the smart meter installed, and how many residents have had the energy conservation trial, and at what cost to Western Power?

**Hon PETER COLLIER:** It is around 10 000.

**Mr Aberle:** You are asking very specific questions.

**Hon KATE DOUST:** That is why I said I am happy for you to provide that information as supplementary information.

**Hon PETER COLLIER:** We can give you a general outline, but I think something like that we will take on notice and give you some specific —

**The DEPUTY CHAIR:** Perhaps we can have a general outline first, and then we can put the detail onto the supplementary question.

**Mr Aberle:** Between us, we can give you some overview. There were 10 000 people in the trial. They were broken into tranches because, as I explained in answering Mr Chapple, we wanted to look at different combinations of simply having smart meter information, having smart meter information with a price signal, and having a smart meter but without the in-home feed, in order to give us as rich as possible sense of what the impacts might be. While participation was available to all of those 10 000, they were broken into smaller groups. I think the solar saturation feeder had 2 000 or 2 500 people on it. They were broken into smaller groups of that kind of order. To give you a bit more of a picture of it, we were using the opportunity to experiment with different variables, so that is why it is hard to answer off the top of the head. But we can give you a breakdown of the various initiatives, if you like, and how many were involved. Is that what you are after?

**Hon KATE DOUST:** I would like that, and I would also like to know how much it cost.

[*Supplementary Information No C3.*]

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**Mr Aberle:** Cost-wise, we can give you an overview now.

**Mr de Laeter:** From an overview perspective only, the cost is provided by the federal government and the consortium members, so there are a number of consortium members. The total program value is of the order of \$75 million, with \$13.9 million—I will stand to be corrected on that—from the federal government. We can provide for you the breakdown of the allocation of that federal money and the directed in-kind support from the consortium members.

**Hon KATE DOUST:** That would be useful.

**Mr Aberle:** There is a large number of consortium members, so there is very, very good leverage.

**Hon ROBIN CHAPPLE:** Just on the same point, I have a series of questions that I will now submit as a supplement to Hon Kate Doust's question, as supplementary information. I think it would be better that I do that.

**Hon KATE DOUST:** Given all the work you have done in this area, have you conducted any formal research into the success of the program or otherwise?

**Mr Aberle:** It is a little early for that, because we are in the third year of a four-year program, so while we are accumulating data as we go along, it is a bit early to do a retrospective on it. Of course, we need to do that anyway for our commonwealth supporters. The interim feedback that we have been giving them and the responses we have been receiving, however, are very positive. They regard it as one of the best run Solar Cities projects in the country, bearing in mind that there were six others around the country.

**Hon ROBIN CHAPPLE:** I refer to page 620, under "Asset Investment Program". I refer to Verve Energy's Mumbida Windfarm renewable energy project. What grid reinforcement, if any, will be required in order to connect the new project? What will the connection of that new project require of Western Power in terms of network balancing? What is the expected cost of the customer access work for Mumbida Windfarm?

**Hon PETER COLLIER:** It is in the \$66.3 million range, but in terms of the specific amount, we will have to take the question on notice.

*[Supplementary Information No C4.]*

**Hon ROBIN CHAPPLE:** In Western Power's annual planning report, page 53, it notes that the SWIS has excellent wind resources, but the uptake would be moderate rather than high unless market rules and other technical factors are addressed. In relation to page 618, are some of these other technical factors network or grid or engineering issues? Is there funding allocated in this budget to address these technical factors in this year or forward estimates? What are market rule changes that Western Power recommends to promote high uptake of wind energy?

**Hon PETER COLLIER:** With regard to the specific rule changes, I would suggest that we will take that question on notice.

[6.30 pm]

**Mr de Laeter:** With respect to the rule changes, what we have in contemplation is a change to a fundamental aspect of the network, which is currently that we plan and build to an unconstrained network model what could provide access to more generation—I stress could; the work is in infancy—and we are working with the Office of Energy in moving to a constrained network model. That is in very high-level terms what is in mind. Right now, the investment we have in the 2011–12 budget estimates is for working under our current model and we deal with each on a case-by-case basis.

**Mr Aberle:** It has been an unconstrained network model that we have worked to up to now. The fundamental premise is that whoever wants to connect can connect and not have their output or off-take constrained. In other words, the network will always have sufficient capacity for them to inject,

in the case of a generator, whatever they might want to or, in the case of a wind farm, whatever its maximum output might be, regardless. In a constrained network you move to circumstances where it is recognised that the overall economic benefit is better if there are sometimes constraints on what can be injected. You do not have to invest constantly for very small amounts of time, but that produces then a series of more complex arrangements for people contracting to connect to the network. It is what exists elsewhere in the world, largely because it is ultimately more economical.

**Hon ROBIN CHAPPLE:** I would like more details so I will take that as supplementary.

*[Supplementary Information No C5.]*

**Hon ROBIN CHAPPLE:** When renewables, particularly wind farms, come onto the network, you set the load that is anticipated to be produced by the wind farm at a percentage of its total capacity. I note that that might have changed in recent times. Can you explain how you work through that process?

**Mr Aberle:** It is a load factor—what is the amount of energy we expect to get out of the wind generator as a percentage.

**Hon ROBIN CHAPPLE:** I think it was originally 20 per cent.

**Mr Aberle:** No; it is more like 36 per cent. It gets a capacity payment from the Independent Market Operator and it allocates 40 per cent of the maximum output to the wind farmer. We plan on a much smaller percentage such as around 10 per cent, but they attract a 40 per cent capacity payment at this stage from the IMO.

**Hon ROBIN CHAPPLE:** Why do you work at only 10 per cent?

**Mr Aberle:** We are looking at worst-case scenarios a lot of the time and trying to work out what we should expect will be there. We are constantly looking to keep the system whole and the frequency steady, so we tend to work on a more conservative figure because of our experience with the variability, basically.

**Hon ROBIN CHAPPLE:** Do you feel that your setting the level at 10 per cent is an impediment to the renewable energy take-up?

**Mr Aberle:** No.

**Hon KEN TRAVERS:** Can you tell us what you expect to be your profit for the 2010–11 financial year and the 2011–12 finance year?

**Mr Peacock:** Our profit expectation at this point is about \$120 million for this financial year. For the next financial year I believe it is \$180 million.

**Hon KEN TRAVERS:** Are you fairly confident that you will meet that expectation of \$120 million this financial year and there have been no material changes that will affect your profit of \$180 million next year?

**Mr Peacock:** No; not at this point.

**Hon KEN TRAVERS:** Do you have a borrowing limit; if so what is it and has it changed in the past few years?

**Mr Peacock:** We do have two borrowing limits. One is set by our lender, WA Treasury Corporation. We also have a borrowing limit set with the Department of Treasury and Finance. They are both slightly different. Have there been major changes over the past three years? Yes there have. I cannot give those figures off the top of my head; I will provide them on notice.

**Hon KEN TRAVERS:** You will take on notice what the figures are and how they have changed over the past few years and why they are different. As part of that supplementary information, can you explain why they are different?

**Mr Peacock:** Sure.

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**Hon KEN TRAVERS:** That is obviously the borrowing limit. What is your 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 that is possible?

**Mr Peacock:** Can I take that on notice. It would be better to put it all comprehensively.

**Hon KEN TRAVERS:** Yes; that is fine. What is your budget for servicing that debt?

**Mr Peacock:** I will take that on notice, if I can.

To clarify, that would basically focus on our cost of debt interest expense.

[*Supplementary Information No C6.*]

**Hon KEN TRAVERS:** Yes. I would like it for each year as it progressively changes, if the borrowing limits increase each year, as they increase and what the actual debt is and what the servicing costs are for that debt each year. Do you have sufficient cash both for this year and next year to pay the income tax expenses and the dividends to the state government or do you need to borrow to pay income tax equivalents and dividends to the state government?

**Mr Peacock:** We do not quarantine our cash from operations to pay dividends or interest. We look at our total investment program and cost of operations, and what is effectively left over we borrow. We do not earmark cash from operations to pay dividends or interest. We consolidate the whole picture.

**Hon KEN TRAVERS:** I understand that in terms of the accounting practices, but what I am looking at is: when it comes time for you to pay the money to the state government, do you have sufficient cash or are you required to borrow that money to pay either the income tax expenses or the dividends to the state government? Do you have the cash in the bank? I take it there will be a date when you are required to pay your dividend to Treasury Corporation or the consolidated account. When you come to pay that, is there a requirement for you to use borrowings to do that or do you have cash?

**Mr Peacock:** There is no requirement for us to borrow or use cash. Probably the best way I can answer that question is that we have ready access to either cash or borrowing limit to fund all our operations, plus dividend and the interest expense.

**Hon KEN TRAVERS:** In the 2010–11 year, have you paid the dividend and income tax expenses yet, or are you still to pay it? Do you pay it just before the end of the financial year?

**Mr Peacock:** No; we pay progressively. We pay our national tax equivalent regime payments over the year and they have all been paid.

**Hon KEN TRAVERS:** Can you take on notice when on each occasion you made payments for either income tax or dividend throughout the 2010–11 financial year and whether there was a requirement to increase your borrowing at the time you made those payments?

**Mr Peacock:** I can answer that right now and say, no. The borrowing limit was left unchanged throughout the year. We did not have to lift the borrowing limit per se to fund those.

**Hon KEN TRAVERS:** Do you have a borrowing account you can draw down on or would you have used cash that you had at the bank to pay those dividends and interest payments?

**Mr Peacock:** We do not actually quarantine either borrowings or cash to pay the dividends; it is pooled in our operating cash flow.

**Hon KEN TRAVERS:** We will never know whether you are borrowing to pay your dividend.

**Mr Peacock:** No.

[6.40 pm]

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**Hon KEN TRAVERS:** My next question relates to the extension of Roe Highway. It might sound like a funny one but it does come into the costs for you, I suspect. There is a proposal to locate the future Roe Highway extension along the cleared powerline easement between Bibra Drive and Progress Drive. I am interested to know whether you have been consulted on that alignment, whether you support that alignment, the cost implications of that alignment and the current economic value of the infrastructure that lies along that alignment.

**Hon PETER COLLIER:** We will take that on notice.

**Hon KEN TRAVERS:** What about the simple question of whether you have been consulted about it? Surely you would know that.

**Mr de Laeter:** We could have been consulted but it has not reached me at this point. I am assuming that there have been discussions at officer level. Again, it is not something that has been brought to my attention yet. It is easy to find out who has been engaging and for how long.

**The DEPUTY CHAIR:** What do you want?

**Hon KEN TRAVERS:** Whether they have been consulted, whether Western Power supports the alignment that has been proposed, what are the implications for Western Power of the alignment, what would be the cost of using the alignment for either Western Power or Main Roads and what is the current economic value of the infrastructure that sits along that alignment? As I look at that alignment, it currently runs through a forest or woodlands area. Hon Robin Chapple might be able to give me the correct terminology.

**Hon ROBIN CHAPPLE:** Mangroves?

**Hon KEN TRAVERS:** No, it is better than that. Clearly, it has been cleared for powerlines on either side of the alignment. It runs through urban bushland and there is a clearance on either side of it. What is the minimum clearance required for a powerline like the one that runs between Bibra and Progress? What is the minimum clearance required for a powerline running between bushland and the minimum clearance required from a road reserve?

**Hon PETER COLLIER:** We can answer that component of the question.

**Mr Aberle:** It is 80 metres for a high voltage line on a centre line.

**Hon KEN TRAVERS:** What about from a road reserve?

**Mr Aberle:** I am not sure whether there is a requirement.

*[Supplementary Information No C7.]*

**Hon KEN TRAVERS:** I turn to the final area I want to cover tonight. Minister, you may recall that last year we had a bit of a conversation during the estimates committee about the whole issue of lifting of powerlines. I was wondering whether you could tell me how much has been spent on undergrounding of powerlines in high-use areas, how much is currently budgeted for next year in the forward estimates for that purpose, where are we up to with the self-selection of contractors and where are we up to with the cross-agency review on that matter?

**Hon PETER COLLIER:** I am very, very conscious of this. I can assure Hon Ken Travers that he is not the only member who has brought this to my attention.

**Mr Aberle:** We will take it on notice.

**Hon KEN TRAVERS:** Are you telling me that after a whole year, minister, you still cannot tell me where any of those matters are up to?

**Hon PETER COLLIER:** No, because I am not quite sure what progress has been made, to be perfectly honest.

**Hon LJILJANNA RAVLICH:** You are kidding!

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**Hon KEN TRAVERS:** You accepted last year that it was a very important issue. Have you been maintaining or monitoring it at all?

**Hon PETER COLLIER:** Yes, I have. Either Nigel or Ken brought it to my attention about three or four months ago. It has sparked my interest again. There is no line item for this issue.

**Hon KEN TRAVERS:** Have you had any conversation with any truck operator who uses —

**Hon PETER COLLIER:** No, I have not had any.

**Hon KEN TRAVERS:** If you do, you will find that it will be brought to your attention.

**Hon PETER COLLIER:** I am conscious of it. You have sparked my interest in it yet again. It is not within the budget, obviously. Therefore, given that issue, I cannot respond to it, suffice to say that, yes, I am aware of it and it has been raised, not just by you.

*[Supplementary Information No C8.]*

**Hon KEN TRAVERS:** I would have thought you would do a review of what we asked last year and get an update before you come to estimates.

**Hon PETER COLLIER:** I thought we were asking questions on the budget papers.

**Hon KEN TRAVERS:** It is about the budget. It was there last year. For every truck operator who uses those routes, I can assure you that it is very much a part of their annual budgets.

**Hon PETER COLLIER:** I am aware of that.

**Hon KEN TRAVERS:** We are talking about massive numbers of loads with the boom going on in the north west. The number of loads is expected to increase over the next couple of years.

**Hon PETER COLLIER:** I am led to believe that there has been some movement and some improvement, and we will get you that information.

**Hon KEN TRAVERS:** I turn to my final question. As I understand it at the moment, even though it goes into Horizon Energy's areas, Western Power manages the permit system for the whole state. As at the end of this week, 1 July, that is going to change. Is that correct? If it is, why is that the case and can we be assured that Horizon Power is ready and has the expertise to be able to take over that task at the end of this month?

**Hon PETER COLLIER:** I am not aware of whether that is the case.

**Hon KEN TRAVERS:** So no-one is aware of it?

**Hon PETER COLLIER:** No.

**Hon KEN TRAVERS:** Can you take that on notice and get back to us?

**Hon PETER COLLIER:** Yes.

**Hon KEN TRAVERS:** I know we normally ask for answers within 10 days but if you are able to get back to me before Friday, I would very much appreciate it, if it is not correct. Maybe you can get your office to just flick me an email if that is not going to occur as of Friday.

**Hon PETER COLLIER:** The permit system?

**Hon KEN TRAVERS:** Yes, the whole system of permits and lifting of lines for high loads.

**Hon PETER COLLIER:** I will certainly follow that up and I will get someone to phone your office. Do you mean the permit system or the lifting of the lines?

*[Supplementary Information No C9.]*

**Hon KEN TRAVERS:** This is my next point. I understand that the permit system is currently done by Western Power for the whole of the state. The other issue is that in regional centres, individual contractors are able to do it whereas in the SWIS area, they are required to go through the head

contractor—I think it is Thiess—that is required to do all of the work. Can you tell me whether that is the case, and why is Horizon Power able to allow various contractors to do that work but Western Power requires it to be done through its head contractor, which was one of the earlier questions you said you would take on notice, and that is where you are up to with that whole transitioning to allowing self-selection?

**The DEPUTY CHAIR:** I think that is still under supplementary information number C9. I thought that had all been dealt with after our last inquiry.

**Hon ROBIN CHAPPLE:** The Western Power annual planning report considers four likely scenarios. Three of these include proposals for the Mungarra solar thermal plant—45 megawatts in 2014–15 or 2015–16. What investment for this plant is progressing in this budget and in the forward estimates? How progressed is the planning for this plant? One of the scenarios includes two wind farms at Mungarra of 95 megawatts and 90 megawatts—combined wind and solar energy production. What planning is underway for this, what investment is proceeding for this in the forward estimates and what are the barriers to implementation of these developments?

**Hon PETER COLLIER:** Again, we will give a general response. They are very specific questions so we will have to take some of them on notice.

**Mr de Laeter:** The negotiations for that expansion are underway. We are happy to provide the details about the status of those negotiations that are not commercial-in-confidence.

[*Supplementary Information No C10.*]

**The DEPUTY CHAIR:** You will provide that commercial-in-confidence?

**Mr de Laeter:** Depending on the details, we will need to seek advice as to what is commercial-in-confidence and what is more generally publishable.

[6.50 pm]

**The DEPUTY CHAIR:** You should be aware that you can request the commercial-in-confidence nature of it. You are aware of the procedure.

**Mr de Laeter:** Yes. So we will advise accordingly the two pieces of information—what is commercial-in-confidence and what is more generally publicly available.

**The DEPUTY CHAIR:** At the end of the day, it is the committee, though, that makes the decision.

**Mr de Laeter:** Sure; we will make the request.

**Hon KATE DOUST:** My question relates to the heading “New Works” on page 620. I note that under the line item for wood pole replacement and reinforcement and pole-top replacement, there is no allocation for the replacement of overhead customer connections, targeted reliability work and wood pole replacement and associated works after 2011–12. For each of these items, can you please tell me why there are no additional allocations?

**Hon PETER COLLIER:** Yes.

**Mr Peacock:** I think the page you referred to relates to Western Power provisions.

**Hon KATE DOUST:** No; it refers to new works.

**The DEPUTY CHAIR:** It is in the table about two-thirds of the way down under “New Works”.

**Mr Peacock:** That entire table and this particular section of the budget papers relates just to the budget paper provisions. Our full investment program is contained on pages 618 and 619. What you have looked at is simply a subset of that work. The full extent of the wood pole replacements in that asset category is included on page 619 within the distribution network spend.

**Hon KATE DOUST:** Is that under the heading “Distribution”?

**Mr Peacock:** Yes.

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**Hon KATE DOUST:** Under “Customer-Driven”?

**Mr Peacock:** No.

**Hon KATE DOUST:** Sorry; it is the asset replacement.

**Mr Peacock:** That is correct.

**Hon KATE DOUST:** Okay; that is fine.

**Mr Aberle:** There is no provision in the out years. We do not anticipate needing one. We are expecting it to be funded.

**Hon KATE DOUST:** This is my last question, unless I can sneak another one in, Mr Deputy Chair! It relates to page 618 and the asset investment program. I have a general question in relation to the Western Power 2011–12 operating budget. What provision has been made for the remuneration of directors and executive officers, what provision was made for the remuneration of directors and executive officers in the 2010–11 budget, and what is the estimated expenditure for this financial year? Given the time, you might not be able to provide that, so I am quite happy for you to take that on notice.

**Hon PETER COLLIER:** We may be able to answer part of it. No; we will take that on notice.

*[Supplementary Information No C11.]*

**Hon KATE DOUST:** Can I slip my final question in?

**The DEPUTY CHAIR:** Yes.

**Hon KATE DOUST:** Thank you, Mr Deputy Chair. What a wonderful job you have done!

I refer to page 618. The first paragraph mentions a focus on network reliability. Western Power would be aware that there are several places in Western Australia that have below-par reliability. I just want to know what funding has been provided in the 2011–12 budget to improve reliability in the towns of Wubin, Dalwallinu and Buntine, the areas of Sorrento and Hillarys, and the town of Geraldton?

**Hon PETER COLLIER:** We will take that one on notice.

*[Supplementary Information No C12.]*

**The DEPUTY CHAIR:** There is actually room for one more question if anyone wants to ask one.

**Hon KATE DOUST:** I have a final question. Again I refer to page 619. It is in relation to the line item “Customer-Driven” under “Transmission”. For power supply upgrades in the metropolitan area, are there any proposed changes to Western Power’s cost structure for power supply upgrades requested perhaps by local government? Secondly, what have been the historical levels of revenue received for power upgrades in the last few financial years? I am happy to take that on notice.

**Mr Aberle:** We need to clarify exactly what is meant.

**The DEPUTY CHAIR:** Would you just say the last part of the question again, Hon Kate Doust?

**Hon KATE DOUST:** What have been the historical levels of revenue received for power upgrades in the last few financial years? I would take it back to 2008.

**Mr Aberle:** Okay, and that is from local governments. That is different from what is under that heading. We can answer that for you. That goes to the question of non-reference services whereby people ask for something and we provide it. Customer-driven work is deeper connection asset. But we can answer your last question in terms of what revenue has come in from councils from 2008 for work they have requested.

**Hon KATE DOUST:** Can you answer it in terms of where you have sourced revenue from other places or other people or for other services?

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**Mr Aberle:** Sorry; no. I am hearing you ask, “How much money have councils paid for upgrades or work?”

**Hon KATE DOUST:** Yes. Did you get the first part of the question?

**Mr Aberle:** I am hearing that second part as what I just repeated. Have I got that right?

**The DEPUTY CHAIR:** Can you just clarify the question again?

**Hon KATE DOUST:** I will clarify the question, and I will put it in on notice so that you understand it and it is a lot easier.

**The DEPUTY CHAIR:** I think that is probably best, so it is clear and in writing. I think there is a bit of confusion about the question.

**Hon KATE DOUST:** That is fine. I am happy to do that. I will tidy that up.

**The DEPUTY CHAIR:** Thank you very much for finishing before five to seven, given the minister’s obligations. The committee will forward any additional questions it has to you via the minister in writing in the next couple of days, together with the transcript of evidence, which includes the questions you have taken on notice. If there are any unasked questions from members, I ask them to submit these to the committee clerk at the close of this hearing. Responses to these questions will be requested within 10 working days of receipt of the questions. Should the agency be unable to meet this due date, please advise the committee in writing as soon as possible before the due date. The advice is to include specific reasons as to why the due date cannot be met. On behalf of the committee, thank you for your attendance and your information.

**Hearing concluded at 6.57 pm**

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