

Our ref: 62945

21 July 2016

Hon Kate Doust
Chair
Standing Committee on Uniform Legislation and Statutes Review Committee
Legislative Council, Parliament House
Perth WA 6000



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Dear Ms Doust

Inquiry into Energy Bills

Western Power thanks you for the opportunity to provide a submission to the Standing Committee on Uniform Legislation and Statutes Review.

Of the three bills referred to in the above inquiry, the two of relevance to Western Power are the *Energy Legislation amendment and Repeal Bill 2016* and the *National Electricity (Western Australia) Bill 2016*.

Western Power in general takes a neutral position on legislative matters and seeks to operate within any regime in an optimal fashion. Western Power has been working closely with the Public Utility Office and the State Solicitors Office throughout Phases 1 and 2 of the Electricity Market Review to ensure that the proposed legislation is consistent with our operating model, including our ability to continue delivering safe, reliable and affordable connections for our customers.

Western Power's response on the broader issue of reforms remains consistent with that made in 2014 to the Electricity Market Review.

Despite great work by the Economic Regulation Authority a move to the national regime creates benefits for both Western Power and its customers. Western Power strongly supports the legislative changes for the following reasons:

- The proposed legislation incorporates appropriate derogations to consider the unique WA electricity market.
- A move to the Australian Energy Regulator (AER) enables simpler connection of generators.
- The current market design implies an unconstrained network. This can lead to an oversupply of capacity in certain locations. The National Electricity Market framework requires transition to a fully constrained electricity system. A fully constrained market should result in a more efficient network in the long-term and lower costs to consumers.
- Further to the market arrangements, Western Power values the certainty and consistency inherent in the national regulatory framework.

- The competitive benchmarking approach undertaken by the AER should mean greater efficiencies over time are delivered by all utilities, benefits which will flow to the end user in the form of lower prices.
- Western Power has many customers that have nation-wide operations. A consistent approach to connection and property development process is favourable for business efficiency.

I hope you find the above comments useful in forming your decision. If you require Western Power to comment further, our Head of Regulation would be happy to present to the Committee.

Yours sincerely

A handwritten signature in black ink, appearing to read 'G Chalkley', with a long, sweeping horizontal stroke extending to the right.

GUY CHALKLEY
ACTING CHIEF EXECUTIVE OFFICER