

ELECTRICITY, SOUTH WEST INTERCONNECTED SYSTEM UPGRADE

1531. Hon MURRAY CRIDDLE to the minister representing the Minister for Energy:

Under the new electricity reform legislation -

- (1) What would be the total cost of upgrading the south west interconnected system to a reliable and safe standard, and where would the funding come from?
- (2) What would be the maintenance cost per annum to maintain this standard, and where will the funding come from?
- (3) Is there a framework for affordable connection to the grid for small business and domestic users?
- (4) If so, will the minister table that information?

Hon TOM STEPHENS replied:

- (1) Western Power anticipates spending approximately \$1.2 billion on capital in upgrading the SWIS over the next five years. This figure is currently under review as part of a planning process in the transmission and distribution strategic planning report for 2003-2013, which is expected to be released early in the new year.
- (2) Operating and maintenance costs for the transmission and distribution system currently average \$110 million per annum. These are also under review, and revised figures are expected to be available early in the new year. Importantly, both the Electricity Networks Corporation and the Regional Power Corporation will be subject to independent regulation and will remain wholly owned by the State. These corporations will obtain their revenue from generators accessing their networks. This revenue will be used to maintain the network to the appropriate standard, and upgrade the network.

A number of private sector generators, such as AlintaGas and Perth Energy, have expressed a clear intention to participate in the Western Australian electricity market. Investment by private sector generators will both improve competition and free up scarce government funds, which may then be used to develop and upgrade the network. All of this will enhance the security and reliability of supply to electricity users in this State. Growth in demand for electricity is likely to require investment in generation of around \$100 million per annum over the next 10 years. Private investment in generation could therefore free up considerable capital funds.

- (3) The Government's electricity reform legislation provides a comprehensive framework for addressing customer connections. Part 3, division 3 of the Electricity Industry Bill 2003 provides for the making of regulations in relation to the connection of premises to the distribution system. Regulations will be effected imposing obligations on licensees to connect customers to a distribution system in prescribed circumstances. The regulations will prescribe the framework under which customers are guaranteed a connection.

Part 6 of the Electricity Industry Bill 2003 also provides for the establishment of a customer service code that, among other matters, will specify procedural arrangements associated with getting a connection, such as the time in which a distributor is to connect the customer following a request by the customer. This code is to be approved by the Minister for Energy and administered by the independent Economic Regulation Authority and will be enforceable through licence conditions. In addition, part 4 of the Electricity Industry Bill 2003 obligates the Electricity Networks Corporation and the Regional Power Corporation to develop and submit an extension and expansion policy for each transmission and distribution system operated by them to the Coordinator of Energy for approval. This policy will specify the arrangements for network expansion and extensions, and once approved by the coordinator, it will be enforced through licence conditions.

As the member will see, dramatic improvements are on offer through the regime described in the answer to this question. The alternative is to stick with the current arrangements, and we know the sorts of replies that some potential customers get from the current utility.

Hon Murray Criddle: I am sure you can put it all in regulations.

Hon TOM STEPHENS: Yes, and regulations.

- (4) The regulations and code will be subsidiary legislation and will be tabled once finalised. The extension and expansion policy will be a public document.