

Chairman; Mr John Day; Mr Eric Ripper; Mr Brendon Grylls; Ms Jaye Radisich; Mr Rod Sweetman; Mr Mick Murray

Western Power -

Mr A.D. McRae, Chairman.

Mr E.S. Ripper, Minister for Energy.

Mr H.R. Collins, Chief Executive Officer.

Mr D.T. Aberle, Chief Operating Officer.

The CHAIRMAN (Mr A.D. McRae): This estimates committee will be reported by Hansard staff. The daily proof Hansard will be published at 9.00 am tomorrow. Members may raise questions about matters relating to the operation and budget of the off-budget authority. Off-budget authority officers are recognised as ministerial advisers. It is my intention to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point.

The minister may agree to provide supplementary information to the committee, rather than ask that the question be put on notice for the next sitting week. For the purpose of following up the provision of this information, I ask the minister, when this occurs, to clearly indicate to the committee what supplementary information he agrees to provide. I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the committee clerk by 11 June 2004, so that members may read it before the report and third reading stages. If the supplementary information cannot be provided within that time, written advice is required of the day by which the information will be made available. Details in relation to supplementary information have been provided to both members and advisers. Accordingly, I ask the minister to cooperate with those requirements.

I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice with the Clerk's office. Only supplementary information that the minister agrees to provide and that is registered according to the allocation of a reference number will be sought by 11 June 2004.

Mr J.H.D. DAY: During the Office of Energy estimates session, I asked three questions, and the minister undertook to provide information with regard to those questions during this part of the estimates committee. The first question was about the committee of review that was put in place following the power shortages in February of this year, in particular the daily remuneration for each of the committee members and the total cost of the committee. The second question was about the contingency plans that have been put in place to ensure that power shortages do not occur at peak periods either in the forthcoming winter or, and perhaps more particularly, next summer. A specific aspect of the question related to the burning of liquid fuels at the Kwinana Power Station; namely, what fuel would be involved, and how much fuel would be stored there for that purpose. The third question was about the fires that have occurred over the past eight months or so at Tenterden, Bridgetown and Gingin and whether claims for compensation have been made, what is the status of those claims, and what progress has been made on resolving those claims.

Mr E.S. RIPPER: As I explained during the Office of Energy estimates session, the Cronin review committee was engaged by the Board of Western Power.

Mr J.H.D. DAY: With the minister's approval, or in consultation with the minister?

Mr E.S. RIPPER: It is not the type of commercial activity by Western Power that requires my specific approval. It is way below the expenditure threshold for which direct ministerial approval is required under the legislation. However, the Chairman of Western Power consulted with my office about the people who might be engaged and about the terms of reference of the committee. The committee was engaged by the board, so I will ask the managing director of Western Power to respond to the detail of the questions.

Mr COLLINS: There were four members of the committee, and they were assisted by other experts as required. The exact costs are still being finalised, because a small number of matters are still outstanding, but the total cost will be in the order of \$750 000. The rate for the members of the committee was \$4 000 per day.

Mr J.H.D. DAY: Per day per person?

Mr COLLINS: Yes.

Mr J.H.D. DAY: For how many days were they employed at that rate?

Mr E.S. RIPPER: The question should be addressed to me, but the answer will be given by Mr Collins, because I do not have that detail.

Mr COLLINS: I do not have that detail with me. Some members worked on it more fully than others. I will need to follow that up and find out the numbers.

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Mr J.H.D. DAY: Can the minister give us some information about the cost of the consultants who were employed to assist the committee?

Mr E.S. RIPPER: Again, as the committee was engaged by the Western Power board, I do not have that level of detail with me. Mr Collins may be able to provide that information.

Mr COLLINS: I do not have the exact breakdown. I know the total amount, because I checked that just before I came, but I do not know the detail. A number of advisers were involved. I will need to check that.

Mr J.H.D. DAY: Can we get that by way of supplementary information?

Mr E.S. RIPPER: What information is the member seeking?

Mr J.H.D. DAY: The number of days for which the members of the committee were paid at that rate, and the cost of consultants to advise the committee.

[8.10 pm]

Mr E.S. RIPPER: I suppose that is interesting information, given that the total cost of the committee has been revealed. I struggle to know why there might be that further requirement; nevertheless, in the interests of openness and accountability, I am happy to provide that information.

The CHAIRMAN (Mr A.D. McRae): What information precisely will the Treasurer supply?

Mr E.S. RIPPER: The costs of consultancy and the number of days for which people worked at that rate.

Mr J.H.D. DAY: And a breakdown of the cost of consultants.

The CHAIRMAN: The Treasurer will also provide a breakdown of the cost of consultants.

[*Supplementary Information No A27.*]

Mr E.S. RIPPER: I might say that \$750 000 is a considerable amount of money, but this was a very important review. Electricity is an essential service. A significant number of people were affected by the events of 18 February. It is important with such an essential service as electricity that we have the best expertise available in emergency management, communications and corporate governance to produce the best result we can for the future.

Mr J.H.D. DAY: I raised two other matters that came up in the Office of Energy discussions to alert the Treasurer and he said he would provide information in this session.

Mr E.S. RIPPER: Let us move on to the next question.

Mr J.H.D. DAY: The second one related to planning to ensure there are no problems next summer in a peak load situation, and details about the liquid fuel supplies that will be put in place at Kwinana.

Mr E.S. RIPPER: As I indicated in the Office of Energy session, Western Power is undertaking a variety of measures to deal with security of supply for next summer, including changes to plants at Muja, which will add to the coal-fired generating capacity compared with last summer; purchases of power from independent power producers; demand management arrangements with large customers; and restoration of liquid firing capacity at Kwinana to provide full capacity from those machines when there is a gas constraint. I imagine that Mr Aberle and Mr Collins might be better placed than I am to provide a little more detail, particularly dealing with the question of the liquid fuel to be used at Kwinana.

Mr J.H.D. DAY: That could come by way of supplementary information if it is easier.

Mr E.S. RIPPER: I think we will give it now.

Mr ABERLE: The liquid fuel we expect to burn at Kwinana is 301; it is off-spec distillate. That is what those machines will consume. The Treasurer has covered several initiatives. There are a couple of others as well that are in train.

Mr J.H.D. DAY: How much of that distillate fuel do you need to store at Kwinana?

Mr E.S. RIPPER: Mr Chair, I am happy for Mr Aberle to answer that question.

Mr ABERLE: Our initial budgeted allocation is 25 000 tonnes. The amount we actually need is entirely dependent on what happens over the course of the summer, but we have made an initial budget allocation of 25 000 tonnes.

Mr J.H.D. DAY: Are you putting in new tanks?

Mr E.S. RIPPER: Mr Aberle will respond.

Mr ABERLE: No, we already have tankage facilities there.

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Mr J.H.D. DAY: The third question related to the fires that have occurred, compensation claims and what progress has been made there.

Mr E.S. RIPPER: Mr Chair, I did indicate to the member for Darling Range that we would deal with these questions up front. The question, as I recall it, was: how many compensation claims were lodged following the fire at Tenterden?

Mr J.H.D. DAY: And Bridgetown and Gingin, and what progress has been made in any compensation claims.

Mr E.S. RIPPER: Mr Aberle will answer that question.

Mr ABERLE: Currently we have about 20 claims from Tenterden. There is a meeting next week with a group that represents the people who suffered as a result of those fires. There may well be more proceeding from that. In Bridgetown there are about 47 claims; of those, 10 have been settled, 14 have offers and the others are in the process of assessment. It can sometimes take six to 12 months to fully assess the extent of damage to large plantations, particularly when it goes to soil damage and things like that.

Mr J.H.D. DAY: And Gingin?

Mr ABERLE: I cannot give the figures on Gingin, I am afraid, but we can provide that in follow-up information.

Mr E.S. RIPPER: If that information is available, I am happy to provide it as supplementary information.

The CHAIRMAN: That is specifically the compensation claims received and the status of claims in relation to Gingin.

[Supplementary Information No A28.]

Mr B.J. GRYLLS: I have a follow-up question. Will the meetings that Western Power is having be held in Tenterden and Bridgetown or are people required to come to Western Power's head office?

Mr E.S. RIPPER: Mr Chair, Mr Collins will answer that.

Mr COLLINS: I will be going next Monday with another senior executive from Western Power to Tenterden.

Ms J.A. RADISICH: Firstly, I congratulate the Treasurer for acknowledging the deficiencies in the current network and distribution system and therefore committing to inject so many funds to improve that system.

Mr J.H.D. DAY: It only took three years.

Ms J.A. RADISICH: Do not even go there.

Mr E.S. RIPPER: I will deal with that, Mr Chair, if I may, because we need to remind the member for Darling Range -

The CHAIRMAN: Before the Treasurer does that, we might just get a question mark.

Ms J.A. RADISICH: One suggestion that has been brought to my attention on which the Treasurer might be able to provide further information is whether he has considered the possibility of progressively replacing the current wood power poles with concrete poles. I understand this is the case in South Australia. Given the problems we have with pole-top fires and the implications for heavily treed areas, which are obviously a problem, has Western Power conducted any research into the possibility of using concrete poles?

Mr E.S. RIPPER: I will take the opportunity to respond to the interjection from the member for Darling Range.

Mr B.J. GRYLLS: It would better if you answered the question.

Mr E.S. RIPPER: He was, I think, present during the matter of public interest debate when I compared total expenditure on the Western Power network in the last four years of the coalition Government with total expenditure on the network in our first four years. The figure for us is around \$300 million in excess of what the coalition spent. Therefore, the member for Darling Range's comment that it took us three years has no relevance.

Mr B.J. GRYLLS: It is like comparing maintenance on an old car with maintenance on a new car.

Mr E.S. RIPPER: We have been investing more in the network than the coalition invested.

Mr B.J. GRYLLS: You have a bigger problem than the coalition as well.

Mr E.S. RIPPER: We have been dealing with a problem that the Director of Energy Safety tells us has been at least a decade in the making.

Mr B.J. GRYLLS: You have extracted more money out of Western Power by way of a high dividend than you have put into expenditure.

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Mr E.S. RIPPER: I have done enough with the member for Darling Range, I am sure you would agree, Mr Chair. I should now turn to the report of concrete poles. I am not an electrical engineer, but I do foresee a possible problem with concrete poles; that is, they might have steel reinforcing inside them and there could be a problem of the poles becoming live, which I do not think would assist Western Power's attempts to improve its public acceptance.

Mr J.H.D. DAY: Has the Treasurer not seen the 330-kilowatt powerlines that are made of steel that run through my electorate and to the east of the metro area?

Mr E.S. RIPPER: Leaving aside any light-hearted comments I might make as a complete layperson in these matters, I will ask Mr Collins or Mr Aberle to comment on the concept of concrete poles and what Western Power is doing.

Mr ABERLE: We keep under review the options, particularly in the distribution system. Wood tends to come out ahead on several counts. It is true what the minister said that issues of step and touch potentials resulting during fault conditions can mean that concrete poles deliver a shock to people. We are addressing the issue of pole-top fires in several ways. Some include using insulating cross-arms but not entirely concrete poles, and a silicon coating program that we have been experimenting with for the last while to select an appropriate product. We have now budgeted to inject a substantial amount to extend that silicon program in this upcoming budget period. We continue to review those options, but given our location and the timber availability we have, wood poles remain a viable option. If they are appropriately inspected and maintained, they can have a 40-year plus life.

[8.20 pm]

Mr E.S. RIPPER: The question of pole-top fires is serious and has implications for the reliability of electricity supply. I appreciate the concerns of the member for Swan Hills. As the implications of the \$1.8 billion we will spend on the network over the next four years are rolled out, she will see that a very significant attack on pole-top fires will be part of the program. The aim is to achieve a significant reduction in pole-top fires and associated reductions in electricity unreliability.

Mr R.N. SWEETMAN: I refer to generation on page 217. The second dot point indicates a very significant allocation for renewable and sustainable energy projects. It is commendable that the agency is to spend that sort of money. If it is in partnership with private enterprise or if private enterprise is building a wind farm or some other alternative sustainable energy supplement to the grid or non-grid, does the Government have the top-up and spill arrangements down pat? It has been a source of irritation to industry to have to try to work in with Western Power to put electricity from renewable sources into the grid, particularly because Western Power has often resisted those attempts by saying that until it can get the top-up and spill formula worked out it does not want to participate in the deal. Is the protocol sorted out now?

Mr E.S. RIPPER: New top-up and spill arrangements are due to come into effect within a matter of weeks. I am not certain of the exact date. I suppose renewable energy can occur in almost three different ways. Western Power runs procurement programs to purchase renewable certificates and energy, and that encourages renewable energy projects to be established. We have been through Renewable Energy Certificate 1 and REC 2 is now under way. REC 1, for example, stimulated the development of a wind farm near Cervantes. Secondly, private proponents do come along wanting to establish projects. Thirdly, there are Western Power's activities, some of which are in joint venture arrangements. There are three or four ways in which renewable energy projects can be established.

Mr M.P. MURRAY: I refer to the first dot point on page 217. My question refers to the customer call service in the south west, which is antiquated. The calls are not upgraded. The fruit industry is affected because workers are sent home and called back after, say, two hours - the time given in the message. People have sat around for up to 17 hours because a fault has taken a long time to repair. Is any process in place to upgrade that service?

One of the projects included in the overall allocation is the reinforcement of the Kirup feeder to increase capacity. What is the program for that Donnybrook area?

Mr ABERLE: We have been progressively working to improve the call centre response. The recorded message system is an improvement over a system which caused operators to become overwhelmed during times of crisis. We can receive up to 20 000 fault calls during a severe storm. That system was not working. It might have worked when people got through to someone but it took a very long time and it was not coping. The system now in place is a computer-generated response and links in with the fault recording at the control centre. Until there is a very high level of fault it is quite accurate. When people experience the frustration to which the member referred, it is usually when there is a great deal of activity. Some default options are built into that. They are usually the best estimate available but sometimes they are inaccurate. We have done a few things to improve it

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and we are continually looking at how we can improve it further. We are spending a lot of money on a distribution management system that will provide better quality incoming information, but we have also partitioned the call centre so that people are dedicated to taking calls from country areas and better able to respond to country callers early on. Previously, the system was indiscriminate. Country people would phone in and nominate their pole number, which they had been educated to do, but the officer would not be able to deal with it. We have overcome that by partitioning it and training people to deal with it. We are constantly looking at improving the overall performance of that system.

Mr M.P. MURRAY: When is the Kirrup feeder due for upgrade in the Donnybrook region?

Mr ABERLE: As far as I am aware, the Kirrup work is scheduled to take place this coming financial year. I will confirm that by way of supplementary information. It is certainly scheduled in the near term.

Mr E.S. RIPPER: We will provide supplementary information on the timing for the investment in the Kirrup feeder.

[Supplementary Information No A29.]

Mr B.J. GRYLLS: At the top of page 84, continuing from page 83, of budget paper No 3, reference is made to distribution expenditure totalling \$136.35 million, which includes the \$12 million that flowed from the Director of Energy Safety's report. I refer to the advice that Western Power has given the Government that this increased expenditure will lead to a 25 per cent improvement in reliability, a 30 per cent reduction in pole-top fires and a reduction in the length of outages. Can the minister guarantee that spending the \$12 million in the south west interconnected system in those areas, as directed by the Director of Energy Safety, will enable me to assure my constituents of those increases in services provided by Western Power? This is a critical issue. If, as the minister says, he can deliver these outcomes with \$12 million, I will welcome that, but I do not think those figures relate to that \$12 million expenditure.

Mr E.S. RIPPER: We should understand that \$1.8 billion in capital and operating expenditure will occur in the network.

Mr B.J. GRYLLS: My question relates to the \$12 million.

Mr E.S. RIPPER: Let me finish. The amount of \$1.8 billion in operating and capital expenditure will occur in the networks over the next four years. That is a very significant amount of money. It is almost \$400 million more than was previously projected to be spent on the network. Western Power has an internal process to prioritise expenditure on the network. That internal prioritisation process, naturally, tends to disadvantage those areas in which there might be a good social reason for an upgrade but not a good commercial reason. In other words, there might not be very many customers, so the money could theoretically be spent better elsewhere servicing a larger number of customers. To deal with that social need without commercial justification, a special fund of \$12 million a year - \$6 million from Western Power's capital works program and \$6 million from the Government -

Mr B.J. GRYLLS: I understand that, but will it deliver those outcomes?

Mr E.S. RIPPER: I think the member will find that many of the outcomes will be delivered by the \$1.8 billion that is being invested in the network over four years.

Mr B.J. GRYLLS: This budget paper is either right or wrong. It says it here.

Mr E.S. RIPPER: The objective of the \$1.8 billion expenditure -

Mr B.J. GRYLLS: Western Power will not be spending \$1.8 billion; it will be spending \$12 million.

[8.30 pm]

Mr E.S. RIPPER: Let me finish. The object of the \$1.8 billion expenditure is the outcomes that are shown in the budget papers. Western Power has told us that if we make this expenditure we can expect to achieve those sorts of outcomes. That is the objective. The \$12 million a year program equates to \$48 million over four years. The Director of Energy Safety recommended approximately \$48 million over seven years. We are therefore doing better than the recommendation of the Director of Energy Safety recommendation for this social need area. We are not doing exactly what the Director of Energy Safety recommended, because, quite frankly, the view of the people in Western Power and in the Office of Energy is that we can achieve more for more customers with a different type of expenditure than that recommended by the Director of Energy Safety.

The CHAIRMAN: The time being 8.30 pm, that completes the examination.

Mr E.S. RIPPER: I have one more sentence. I can assure the member for Merredin that the \$12 million a year will make a very significant difference to the affected customers.

Extract from *Hansard*

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Murray
