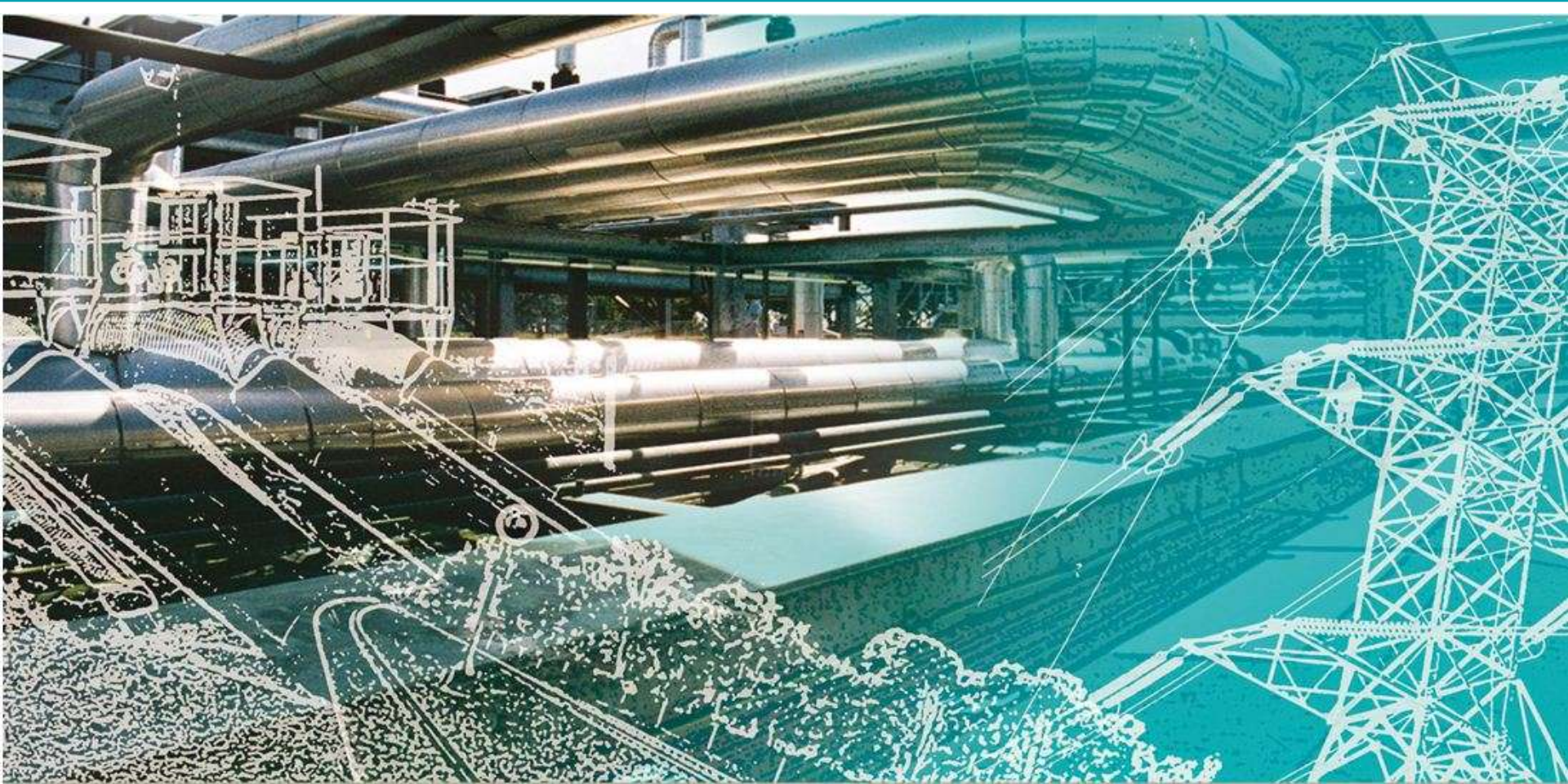




Economic Regulation Authority

WESTERN AUSTRALIA

*Promoting fair prices, quality services and choice*



Australian Institute of Energy Luncheon  
Perth, April 19, 2011

“Western Australia’s Electricity Market –  
at a Crossroad”

Lyndon G. Rowe  
Chairman,  
Economic Regulation Authority

“ More than any other time in history,  
mankind faces a crossroads.

One path leads to despair and utter  
hopelessness.

The other, to total extinction.

Let us pray we have the wisdom to  
choose correctly.”

*Woody Allen*

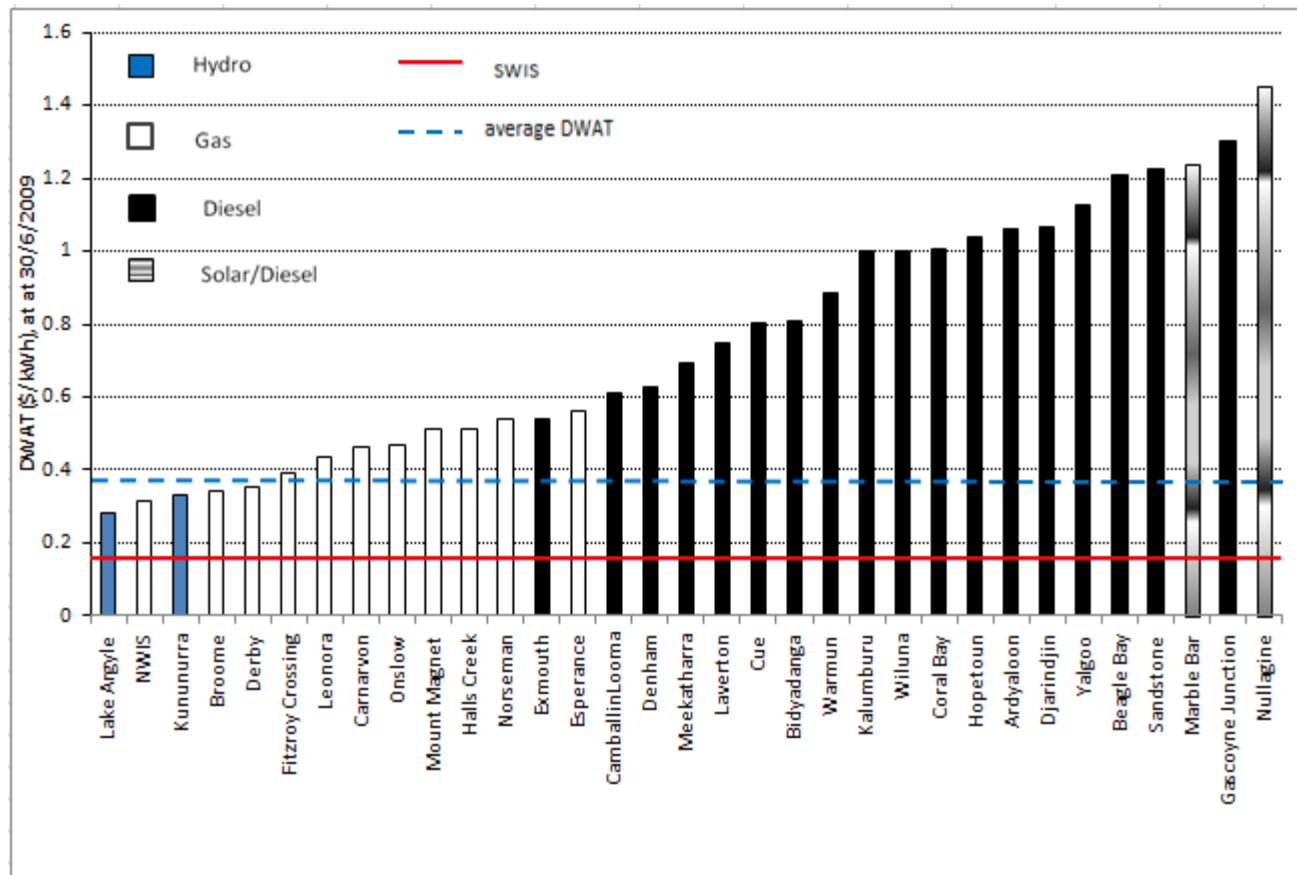




# GOVERNMENT

IF YOU THINK THE PROBLEMS WE CREATE ARE BAD,  
JUST WAIT UNTIL YOU SEE OUR SOLUTIONS.

# Simple cost reflective tariffs for each town and the NWIS compared to the equivalent tariff for the SWIS (\$ per kWh)



## Comparison of TEC values (\$m nominal) Scenario

Scenario	2010	2011	2012	2013	2014
Gazetted TEC	122.1	175.7	181.2	n/a	n/a
TEC using benchmark WACC	12.71	147.2	167.5	188.0	193.3
<i>Reduction on gazetted TEC</i>	5.0	-28.5	-13.7	n/a	n/a
TEC using alternative WACC	121.3	140.0	156.3	173.7	176.4
<i>Reduction on gazetted TEC</i>	-0.8	-35.7	-24.9	n/a	n/a

\* benchmark WACC assumes market borrowing rates

\*\* alternative WACC assumes Horizon Power's actual cost of borrowing

Source: ERA analysis





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