

## GOAL 1: BETTER SERVICES

### Electricity and Gas Industry Licence Exemptions

The *Electricity Industry Act 2004* and the *Energy Coordination Act 1994* govern the operation and regulation of the Western Australian electricity and gas industries respectively. The Office of Energy (the Office) administers exemptions from licensing as required under these Acts.

#### Strategic outcomes and achievements in 2007/08

Verve Energy was granted a licence exemption to distribute and sell electricity to Alstom Power within the NewGen Power Station site at Kwinana solely for the purposes of commissioning the NewGen Power Station.

In addition, nine specific and two general electricity distribution/transmission exemptions have been identified and are under consideration. Public comment on the exemptions has been sought and consultations conducted.

An exemption for the on-selling of gas to residential customers in group housing situations and the construction of gas distribution systems by property developers are under consideration. Public comment on the exemptions has been sought and consultations conducted.

A recommendations report has been provided to the Minister. The Minister has approved the briefing of Parliamentary Counsel to draft the appropriate orders for the Governor's approval and Gazettal.

#### Forward planning for 2008/09

Consideration of nine specific and two general electricity distribution/transmission exemptions will be completed and a report release for public comment.

Following this process, a recommendations report will be submitted to the Minister for approval to brief Parliamentary Counsel to draft the appropriate orders for the Governor's approval and Gazettal.

Exemptions for the on-selling of gas to residential customers in group housing situations and the construction of gas distribution systems by property developers will be drafted, approved and Gazetted.

### Performance Indicator Data

#### Efficiency Indicator: Average cost per strategic policy developed

Electricity Licence Exemptions

2007/08 Target	2007/08 Actual
1 policy	Achieved
No variation between target and actual.	

#### Efficiency Indicator: Average cost per strategic policy developed

Gas Licence Exemptions

2007/08 Target	2007/08 Actual
1 policy	Achieved
Awaiting drafting of order, Executive Council approval and Gazettal.	

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### The Aboriginal and Remote Communities Power Supply Project (ARCPSP)

The ARCPSP is a joint initiative of the State and Federal Governments to regularise the power supply in large, permanent Aboriginal communities in remote Western Australia.

The Office oversees the delivery of the ARCPSP, which is implemented by Horizon Power. Remote Aboriginal communities serviced by this project are provided with safe and reliable power supplies with levels of service and prices equivalent to those of other remote Western Australian towns.

Phase One of the Project (ARCPSP1) completed in November 2007, regularised the supply of electricity to five large, permanent Aboriginal communities in the Kimberley: Warmun, Bidadanga, Ardyaloon, Beagle Bay and Djarindjin/Lombadina.

#### Strategic outcomes and achievements in 2007/08

The first community regularised was Warmun in December 2006. Regularisation was completed in the remaining four communities in November 2007.

Planning continued on the expansion of ARCPSP into a second phase (ARCPSP2).

Progress has been made through the Office's participation on the Taskforce on Essential Services to Indigenous Communities, towards developing options for electricity supply to remote Aboriginal communities with populations of less than 200 as part of planning for ARCPSP2.

#### Forward planning for 2008/09

Monitoring of ARCPSP1 communities and planning and development work for ARCPSP2 will continue.

A community acceptance survey of pre-payment meters (PPMs) in ARCPSP1 communities will be conducted. Funding and approval will be obtained to proceed with Stage One of ARCPSP2.

Funding agreement will be reviewed in cooperation with the Australian Government.

An agreement with Horizon Power will be developed, including a detailed project plan.

### Performance Indicator Data

**Effectiveness Indicator:**  
Improved regional and remote services, indicated by the achievement of the following milestones

1. Negotiation of an establishment agreement with Horizon Power to outline the service delivery arrangements for the implementation of the Aboriginal and Remote Communities Power Supply Project Phase Two.

2007/08 Target	2007/08 Actual
Oct 2007	Not achieved
The ARCPSP2 was delayed due to negotiations with the Commonwealth Government over funding.	

2. Aboriginal and Remote Communities Power Supply Project Phase One implementation complete in the five targeted communities.

2007/08 Target	2007/08 Actual
Nov 2007	Nov 2007
No variation between target and actual.	

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Research will also continue on options for electricity supply to remote Aboriginal communities with populations of less than 200. This research will be aligned with the principles of the Bilateral Agreement on Indigenous Affairs 2006-2010.

**Efficiency Indicator: Average cost of strategic policy developed**

Service delivery agreements with Horizon Power for Phase Two of the Aboriginal and Remote Communities Power Supply Project

2007/08 Target	2007/08 Actual
1 policy	Not achieved
The ARCPSP2 was delayed due to negotiations with the Commonwealth Government relating to funding.	

**Efficiency Indicator: Average cost of meeting major policy implementation milestones**

Remaining ARCPSP1 community upgrades completed and serviced by Horizon Power.

2007/08 Target	2007/08 Actual
3 milestones	Achieved
No variation between target and actual.	

**Efficiency Indicator: Average cost per strategic policy developed**

Development of policy advice on the delivery of essential services to all indigenous communities.

2007/08 Target	2007/08 Actual
1 policy	Achieved
No variation between target and actual.	

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### Underground Power Program

The Underground Power Program (the Program) contributes in improving the reliability and overall performance of the electricity distribution network while delivering other benefits to the community such as fewer blackouts, improved safety and enhanced visual amenity.

The Program is administered by the Office and is jointly funded by the State, the respective electricity distributor (Western Power or Horizon Power) and participating local governments. The Program funds the retrospective installation of underground power lines in areas with overhead distribution systems.

Two types of projects are undertaken through the Program:

Major Residential Projects involve the delivery of underground distribution lines in suburban areas, typically of between 800 and 1,300 residential lots; and Localised Enhancement Projects which aim to beautify 'gateways', scenic routes and tourism/heritage centres, particularly in regional towns.

#### Strategic outcomes and achievements in 2007/08

##### *Round Three*

An agreement for the last of the Round Three Major Residential Projects was signed with the City of South Perth to convert over 1,656 lots in Como East to underground power. This project is underway.

During the year, Round Three Major Residential Projects in Fremantle, Nedlands East and Port Hedland were completed providing over 3,078 lots with underground power.

Detailed proposals were completed and funding agreements signed for Round Three Localised Enhancement Projects in Waroona and Manjimup. The Waroona project was implemented but not completed as delays with a larger project undertaken by the Shire of Waroona held up progress. The Manjimup project was completed during the year.

##### *Round Four*

An agreement for the first of the Round Four Major Residential Projects was signed with the City of Melville to convert over 1,509 lots in Mt Pleasant North to underground power. This project is being implemented.

### Performance Indicator Data

**Effectiveness Indicator: Progress with the State Underground Power Program (target 50% of Perth metropolitan homes with underground power by 2010), indicated by the percentage of Perth metropolitan homes with underground power.**

2007/08 Target	2007/08 Actual
47%	47%
No variation between target and actual.	

**Efficiency Indicator: Average cost of meeting major policy implementation milestones**

Major Residential Projects completed within the Underground Power Program

2007/08 Target	2007/08 Actual
3 milestones	Achieved
No variation between target and actual.	

**Efficiency Indicator: Average cost of meeting major policy implementation milestones**

Localised Enhancement Projects completed within the Underground Power Program

2007/08 Target	2007/08 Actual
2 milestones	1 achieved
There was a delay to the works in Waroona as it is a part of a larger project undertaken by the Shire of Waroona.	

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Detailed proposals for Round Four Major Residential Projects in Palm Beach in Rockingham, and Withers in Bunbury were further developed.

An Agreement for the first of the Round Four Localised Enhancement Projects was signed with the Shire of Toodyay to provide underground power along Stirling Terrace within the Toodyay town site. The Toodyay project is being implemented.

### **Forward planning for 2008/09**

A review of the Program will be conducted.

Major Residential Projects in Churchlands/Wembley Downs and Highgate are scheduled for completion in 2008/09 providing 2,625 lots with underground power.

Localised Enhancement Projects in Waroona, Toodyay, Brunswick Junction and Cowaramup are scheduled for completion in 2008/09.

In addition, detailed designs and Agreements for the remaining Round Four Localised Enhancement Projects in all short-listed proposal areas are expected to be finalised.

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### **Ministerial Advisory Committee on Electricity Supply**

The Ministerial Advisory Committee on Electricity Supply, comprising residential and small business representatives, was established as a source of independent advice to the Minister for Energy on the adequacy of electricity supply to consumers, particularly reliability and quality of supply. The Office provides executive support to this Committee.

### **Strategic outcomes and achievements in 2007/08**

The Committee had its first meeting in December 2006 and conducts meetings four times per year. The Committee has received briefings on the role of government in the WA energy sector, review of electricity retail tariffs and utilities hardship and provided feedback to the Minister on these and other matters from the perspective of residential and small business consumers.

### **Forward planning for 2008/09**

As Committee members are appointed for two years, the Office will undertake an Expression of Interest process in the second quarter of 2008/09 to identify Western Australians who may be interested in becoming new members of the Committee.

The Office will continue to provide executive support to the Committee and address issues that may arise from its regular meetings.

## GOAL 1: BETTER SERVICES

### Ministerial Inquiry into the Affordability of Bottled Liquefied Petroleum Gas (LPG) for Household Use in Western Australia

The Office supported the Ministerial Inquiry, led by Mr Mick Murray MLA and Mr Max Trenorden MLA, into the affordability of bottled LPG in Western Australia. The Inquiry's report was tabled in Parliament in August 2007.

#### Strategic outcomes and achievements in 2007/08

In May 2008, the Office provided the Minister for Energy with a Government response to the Ministerial Inquiry.

In response to the Inquiry's recommendation that LPG affordability be considered within an overall energy hardship policy, the Government announced funding in the 2008/09 Budget for a \$26.4 million Utility Hardship Package delivering:

- increased resources for financial counselling;
- a Hardship Utility Grants Program; and
- a hardship Efficiency Program that included a specific program to assist households in hardship who are dependent on LPG.

#### Forward planning for 2008/09

The Office will be implementing the Government's response to the Ministerial Inquiry.

The Office will develop a desktop model to assist regional communities with assessing costs and benefits of various gas reticulation options. The model will be used as an assessment tool to assist in identifying the feasibility of potential gas reticulation projects that local governments, regional councils, regional development commissions and regional businesses may wish to pursue.

The Office will develop an import parity pricing model for wholesale propane in WA to assist with the transparency of wholesale pricing of LPG for the domestic market.

The Office will continue to investigate and facilitate the development of an additional source/supplier of LPG for the domestic market.

### Performance Indicator Data

#### Efficiency Indicator: Average cost per strategic policy developed

Development of Government Response to LPG Inquiry

2007/08 Target	2007/08 Actual
1 policy	Achieved
No variation between target and actual.	

# GOAL 1: BETTER SERVICES

## Utility Hardship Policy

The Office commenced development of the Utility Hardship Policy. The Utility Hardship Policy aims to reduce the rate of disconnection and/or restriction of essential services amongst those who are unable to pay due to genuine financial hardship.

The Office's utility hardship policy development is informed by the work of the Government Utility Essential Services Hardship Interagency Working Group (the Working Group).

### Strategic outcomes and achievements in 2007/08

The Working Group was convened by the Office in June 2007, and is comprised of State Government agencies and Government owned utilities. Its task is to identify and report to government on possible improvements in the delivery of essential services to financially disadvantaged community members. It released its public issues discussion paper on Utilities Essential Services Hardship (Hardship Issues Paper) for comment in December 2007.

#### *Utility Hardship Program*

The Government's Utility Hardship Program was developed by the Office as part of its hardship policy development and in conjunction with the Electricity Tariff Review. The program also responds to the Inquiry into the Affordability of Bottled LPG for Household Use in Western Australia, and the findings presented in the Working Group's issues paper. Budget approval was obtained and the Program was subsequently announced by the Premier in April 2008 in conjunction with projected tariff increases.

The Utility Hardship Program has \$24.6 million funding over four years and comprises three initiatives: increased financial counselling services across Western Australia to assist those in utility hardship to develop financial management skills and break the utility debt cycle;

- a Hardship Utility Grant Scheme to assist those in utility hardship to meet their payment obligations and avoid disconnection or restriction of essential services; and
- a Hardship Efficiency Program to assist households in utility hardship to become more energy and water efficient. This Program provides free efficiency audits and fittings to households in private rental, public rental and owner-occupied accommodation.

## Performance Indicator Data

### Efficiency Indicator: Average cost per strategic policy developed

Development of draft hardship policy related to utility services

2007/08 Target	2007/08 Actual
1 policy	Not Achieved
Priority was given to the development and implementation of the Utility Hardship Program. While a draft hardship policy was not completed by the target date, a discussion paper was developed and released for public consultation.	

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The provision of increased financial counselling and the Hardship Utility Grant Scheme is administered by the Department of Child Protection. The Hardship Efficiency Program is administered by the Office.

### *Hardship Implementation Steering Committee*

The Committee was convened by the Office in cooperation with the Department for Child Protection in April 2008 to oversee the design and implementation of the Hardship Utility Grant Scheme.

### *Hardship Efficiency Program Sub-Committee*

This sub-committee was convened by the Office in April 2008 to oversee the design and implementation of the Hardship Efficiency Program.

### *Utilities' Hardship Policies*

The Office played an advisory role in the development of Synergy and Horizon Power's improved hardship policies. Their new policies reflect best practice in hardship management. Both utilities have reported that their improved hardship policies are reducing their disconnection rates.

### **Forward planning for 2008/09**

The Hardship Utility Grant Scheme was scheduled to commence in November 2008 but has been brought forward to August 2008 in response to social issues arising from the Varanus Island gas disruption which occurred in June 2008.

Hardship Utility Grants are currently limited to electricity, but will be extended to include water then gas.

The Hardship Efficiency Program will commence operation in late 2008.

The Hardship Implementation Steering Committee and the Hardship Efficiency Program sub-committee will continue to meet over the course of 2008/09 to monitor the implementation of their respective programs. This will ensure that any implementation issues encountered are resolved with the support of all stakeholders.

The Working Group will release its final report on Utility Hardship in the second half of 2008. This report will incorporate its formal recommendations to government on the hardship policy.

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### Special Energy Subsidies and Rebates

Special Energy Subsidies and Rebates are designed by the Office to address the specific needs of certain groups of people who are financially disadvantaged and incur higher than usual energy costs as a result of their circumstances. The Office's work in this area ensures that electricity prices are made more affordable for those in genuine need of financial assistance.

### Strategic outcomes and achievements in 2007/08

#### *Electricity Tariff Review - changes to rebates*

The range of energy subsidies and rebates were reviewed as part of the Office's Electricity Tariff Review. As a result of this review, two rebates will be altered at the time of the tariff increases.

- The Supply Charge Rebate will be decoupled from the electricity daily supply charge, and will subsequently be known as the Energy Rebate. This will enable the energy rebate to be reviewed without affecting the supply charge, and the supply charge to be reviewed without affecting rebates.
- The Seniors Air Conditioner Rebate will become the Air Conditioner Rebate, and eligibility will be extended to Pensioners' Concession Card holders who are also eligible for the Dependent Child Rebate. This addresses the difficulty that small children face regulating their body temperature, and also brings benefits to one of the most disadvantaged groups in the community.

#### *Department of the Premier and Cabinet's Concessions Review*

The Office participated in the Department of the Premier and Cabinet's Concessions Review.

### Forward planning for 2008/09

The Office will continue to assess Government energy concessions and rebates to ensure that they benefit those most in need. This work will inform the recommendations of the Government Utility Essential Services Hardship Interagency Working Group in their final report to Government. Rebates for energy efficient appliances for those in hardship will be investigated as part of this work.

## GOAL 2: JOBS & ECONOMIC DEVELOPMENT

### Joint Working Group on Natural Gas Supply

The Joint Working Group on Natural Gas Supply was established by the Ministerial Council for Mineral and Petroleum Resources (MCMPR) and the Ministerial Council on Energy (MCE) late in 2006. This Working Group was established in recognition of the need to realise the twin goals of becoming one of the world's major liquefied natural gas (LNG) exporters and ensuring the long term supply of gas for domestic users. The Joint Working Group, chaired by Western Australia, was tasked with investigating three key issues: domestic gas supply, long term energy security and economic growth.

#### Strategic outcomes and achievements in 2007/08

The Office actively participated in and contributed towards the Joint Working Group's activities. Of particular interest to the Office was investigating and formulating strategies to address the barriers to Western Australia's domestic gas supply.

The Joint Working Group submitted its final report to the MCMPR and MCE Standing Committee of Officials in September 2007. This report provides recommendations based on issues and options identified in the consultants report and the feedback provided by relevant stakeholders.

#### Forward planning for 2008/09

The Joint Working Group has been wound up, and its recommendations are being progressed by various State and Commonwealth departments and the MCE and MCMPR working groups.

### Performance Indicator Data

#### Efficiency Indicator: Average cost per strategic policy developed

Development of policies to meet Western Australia's domestic gas requirements

2007/08 Target	2007/08 Actual
1 policy	Achieved
No variation between target and actual.	

## GOAL 2: JOBS & ECONOMIC DEVELOPMENT

### Energy Emergency Management

The Minister for Energy is responsible for the administration of legislation providing emergency powers related to gas electricity and liquid fuels. These include powers to direct and ration energy supplies in the event of fuel shortage emergencies. Appropriate and timely application of these powers requires establishment and maintenance of communication and order-making protocols and plans.

#### Strategic outcomes and achievements in 2007/08

Two significant gas supply disruptions occurred in 2007/08 which, aside from their impact on the State's energy supplies, were also a significant part of the Office of Energy's work during the year.

On 2 January 2008, an electrical fault at the North West Shelf Venture's Karratha Gas Plant resulted in a production shutdown. Production from the plant recommenced on 4 January and normal gas supply arrangements had largely been re-established by 6 January.

On 3 June 2008, an explosion at the Varanus Island gas plant shut down operations completely for more than two months and a return to full production is not expected until December 2008.

While fortunately no one was injured in either event, the loss of gas supply, around 65% of the State's gas supply for the North West Shelf incident and 30% for the Varanus Island incident, had significant impact on downstream gas users. As gas is a major fuel for electricity generation, these incidents also had implications for electricity supply.

In both incidents, the Office played a central role in the initial assessment of the downstream impact, the development and implementation of a response strategy and ongoing coordination and analysis.

Important to the overall management of the event has been coordination and information sharing between key stakeholders in the energy industry. This has been achieved through regular coordination meetings supplemented by direct communications and information gathering managed by the Office. Coordination meetings have also been a valuable forum through which the Government's underlying rationale and priority schedule for the allocation of limited energy supplies has been articulated.

### Performance Indicator Data

#### Efficiency Indicator: Average cost per strategic policy developed

Finalisation of gas and electricity emergency protocols and documentation

2007/08 Target	2007/08 Actual
1 policy	Achieved
No variation between target and actual.	

## GOAL 2: JOBS & ECONOMIC DEVELOPMENT

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The Office has also provided daily updates on its website to keep industry and the public informed of progress and issues in the management of these events. This has included the preparation and publication of high level analyses and forecasts of the availability and utilisation of energy supplies during the Varanus Island supply disruption.

Of particular note is the introduction of a temporary Gas Bulletin Board, developed and implemented within one month of the start of the Varanus Island disruption. This work was undertaken by the Office in conjunction with the Independent Market Operator (IMO) and with the cooperation of major industry players. The Bulletin Board has been successful in facilitating gas trading, particularly down to the level of small gas users. These parties would otherwise have been unable to participate in the Western Australian gas market which is dominated by bilateral arrangements between large players. The Bulletin Board has enabled the reallocation of gas between smaller users on an economic basis, thereby helping to minimise the overall impact of the fuel shortage on the State's economy. The Bulletin Board is planned to operate for the duration of the gas supply disruption.

A key role for the Office during the gas disruptions has been the provision of advice to Government, in particular as to the appropriateness or otherwise of the invocation of emergency powers. Earlier in 2007/08, the Office finalised a communication and protocol plan related to gas and electricity emergency orders. This formalised guidelines and processes by which energy operators can quickly seek Ministerial intervention to assist by way of emergency powers. Emergency orders have not been required during either gas shortage. However, the emergency order package has provided a valuable contingency support for the management of these incidents.

Given the importance of gas supply to the Western Australian economy, the Minister for Energy directed that the North West Shelf incident be reviewed to determine details of what occurred, assess the effectiveness of the processes used to manage the disruption and to identify opportunities to improve systems and processes to manage any future gas supply shortage events. .

Fortunately events such as these are very rare, however, the Office has had to significantly re-prioritise activities to deal with this substantial additional workload within budgeted resource allocations that could not foresee such unusual high demand levels.

## GOAL 2: JOBS & ECONOMIC DEVELOPMENT

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### **Forward planning for 2008/09**

It is anticipated that the Office will have work in the ongoing management of the Varanus Island gas disruption through to its anticipated return to service in December 2008.

Aside from this incident-specific work, the Office will be continuing its ongoing maintenance of established emergency processes for gas and electricity. Also, it is planned in 2008/09 to review emergency plans for liquid fuel emergencies.

## GOAL 2: JOBS & ECONOMIC DEVELOPMENT

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### Infrastructure Australia

The Commonwealth announced a new, national approach to planning, funding and implementing the nation's future infrastructure needs with the establishment of Infrastructure Australia which will develop and implement a strategic blueprint for the nation's future infrastructure needs in partnership with the states, territories, local government and the private sector.

A Council of Australian Governments (COAG) Infrastructure Working Group was established to support Infrastructure Australia.

### Strategic outcomes and achievements in 2007/08

The Office participated in a State-level cross agency working group which provided inputs to the COAG Infrastructure Working Group on the establishment of the Infrastructure Australia Council and its work agenda.

The Office also contributed to Infrastructure Australia's National Infrastructure Audit in a state level submission coordinated by the Department of Treasury and Finance. The Office consulted with energy stakeholders, and provided input on the State's infrastructure priorities and the adequacy, capacity and condition of energy infrastructure as measured against forecast growth.

Infrastructure Australia is expected to develop an Infrastructure Priority List before the end of 2008/09 for COAG's consideration based on the submissions provided by the States.

### Forward planning for 2008/09

The Office will continue to contribute to the COAG Infrastructure Working Group and Infrastructure Australia's work agenda to facilitate better coordination of infrastructure planning and investment.

## GOAL 2: JOBS & ECONOMIC DEVELOPMENT

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### Infrastructure Information Portal

The Office worked with the Western Australian Planning Commission to develop an Infrastructure Information Portal that provides developers and project proponents information on obtaining and connecting to service infrastructure such as electricity, gas, water, roads and telecommunications in metropolitan and regional Western Australia.

### Strategic outcomes and achievements in 2007/08

The Office worked with Western Power, Horizon Power, Water Corporation, WestNet Energy, Main Roads and the telecommunications branch of the Department of Industry and Resources to develop dedicated web pages on their websites providing information on connecting to service infrastructure.

The Office also assisted with the design and content of the portal which will be hosted on the website of the Western Australian Planning Commission. The portal is expected to be set up by the last quarter of 2008.

### Forward planning for 2008/09

The Office will continue to assist the Western Australian Planning Commission on the establishment and progress of the portal, including providing stakeholder feedback on the portal.

## GOAL 2: JOBS & ECONOMIC DEVELOPMENT

### Electricity Market Reform

The Office continued to implement policy aimed at furthering competition in the electricity market, as well as monitoring the market power mitigation measures established as part of the disaggregation of Western Power Corporation to ensure the development of competition and entry of new market participants.

#### Strategic outcomes and achievements in 2007/08

The *Energy Operators (Electricity Retail Corporation) (Charges) By-Laws 2006* and *Energy Operators (Regional Power Corporation) (Charges) By-Laws 2006* set electricity retail tariffs for Synergy and Horizon Power respectively. The Office is currently undertaking a review of electricity retail tariffs, and released a *Draft Recommendations Report – Review of Electricity Tariff Arrangements* for public consultation on 4 April 2008. A final recommendation report is currently being developed based on the public consultation, and will be provided to Government in due course.

#### Forward planning for 2008/09

Ongoing activities planned in 2008/09 relating to the electricity market reform include:

- finalisation and implementation of the Electricity Retail Market Review relating to the review of electricity tariff arrangements in Western Australia, the introduction of full retail contestability; and the roll-out of electricity smart meters;
- consideration of modification of the restrictions on Verve Energy, Western Power, and Synergy limiting operations to areas within the South West Interconnected System (SWIS) (although Verve Energy is allowed to operate renewable plants outside of the SWIS), and modification of the current restrictions on Horizon Power to operate in areas located outside of the SWIS. Consideration is being given to modifying these restrictions via the *Energy Legislation Amendments Bill 2008* to allow greater competition in these areas, with the Bill being progressed during 2008/09;
- consideration of the restrictions on Verve Energy from retailing electricity, and Synergy on generating electricity, until 2013. As both of these restrictions can be extended to 2016, it is intended to undertake consultation on the criteria that will be used to determine whether these restrictions will be extended; and

### Performance Indicator Data

**Effectiveness Indicator:**  
**Complete review of Electricity Full Retail Contestability, Tariff Arrangements and consideration of Ministerial Council on Energy cost benefit analysis of smart meter implementation.**

2007/08 Target	2007/08 Actual
Dec 2007	
<i>Draft Recommendations Report – Review of Electricity Tariff Arrangements</i> released on 4 April 2008. Delays to the remaining review components are due to delays in the MCE's cost-benefit analysis of the rollout of smart meters.	

## GOAL 2: JOBS & ECONOMIC DEVELOPMENT

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- consideration of the criteria for the removal of the Ministerial Direction on Verve Energy imposing a 3,000 MW Capacity Cap, and the Ministerial Direction on Synergy to prevent it from forming a virtual vertically integrated company by gaining contractual control of generators. Consultation is to be undertaken on the criteria that will be used to determine when these Ministerial Directions will be removed.

## GOAL 2: JOBS & ECONOMIC DEVELOPMENT

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### Wholesale Electricity Market

A key component of the electricity reform program was the implementation of a Wholesale Electricity Market (WEM). The rules governing the WEM have the broad objectives of:

- promoting the economically efficient, safe and reliable production and supply of electricity and electricity related services in the SWIS;
- encouraging competition among generators and retailers in the SWIS by facilitating the efficient entry of new competitors including sustainable energy options and technologies that make use of renewable resources or that reduce overall greenhouse gas emissions;
- minimising the long-term cost of electricity supplied to customers within the SWIS; and
- encouraging the application of measures to manage the amount of electricity used and when it is used.

### Strategic outcomes and achievements in 2007/08

The Office continued to participate in the Market Advisory Committee, which is responsible for the provision of advice to the IMO in the consideration of amendments to the Market Rules and Procedures governing the operation and administration of the WEM.

The Office was also responsible for the provision of advice to the Minister for Energy in executing functions associated with the administration of the Market Rules, including changes to protected provisions and the approval of the IMO budget arrangements.

### Forward planning for 2008/09

The Office will continue to participate in the Market Advisory Committee and consider the need for amendments to access regulations to better align them with WEM arrangements.

The Office will also monitor developments affecting the operation of the market and support the IMO in policy considerations.

## GOAL 2: JOBS & ECONOMIC DEVELOPMENT

### Gas Retail Competition

The regulatory and market arrangements for gas Full Retail Contestability (FRC) have been fully operational since May 2004.

While approval of changes to the gas retail market rules is the responsibility of the Economic Regulation Authority (ERA), the Office continues to monitor the market and consider policy measures to enhance competition.

#### Strategic outcomes and achievements in 2007/08

During the year the Office completed a review of the operation and effectiveness of the *Energy Coordination (Gas Tariffs) Regulations 2000* on behalf of the Minister for Energy, which was a requirement of the Regulations. The review concluded that "...there is currently insufficient competition in the gas retail market in Western Australia to justify removal of the Gas Tariff Regulations." The Review Report was tabled in Parliament by the Minister for Energy on 21 November 2007.

The review also recommended that a more detailed review of the retail gas tariff caps should be undertaken. This Gas Tariffs Review process was initiated during 2008 with a *Gas Tariffs Review –Interim Report* released on 20 June 2008.

#### Forward planning for 2008/09

The Office will:

- on behalf of the Minister for Energy, complete the Gas Tariffs Review and develop arrangements for implementation of the recommendations arising from this review in 2009/10;
- continue to provide policy support regarding the operation of the gas retail market scheme in Western Australia; and
- monitor national trends and developments and liaise with stakeholders on their applicability to the gas retail market in the State.

### Performance Indicator Data

**Effectiveness Indicator: Complete Review of *Energy Coordination (Gas Tariffs) Regulations 2000*.**

2007/08 Target	2007/08 Actual
October 2007	Achieved
No variation between target and actual.	

**Efficiency Indicator: Average cost of strategic policy developed**

Review of *Energy Coordination (Gas Tariffs) Regulations 2000*.

2007/08 Target	2007/08 Actual
1 policy	Achieved
The review of the <i>Energy Coordination (Gas Tariffs) Regulations 2000</i> was completed by the statutory deadline of 18 October 2007, and the report on this review was tabled in Parliament in November 2007.	

## GOAL 2: JOBS & ECONOMIC DEVELOPMENT

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### National Energy Policy Agenda

The Office is the principal source of advice to, and support for the Government in its involvement in the MCE. The MCE is the national policy and governance body for the Australian energy markets.

To influence national policy development and represent the State's interests, the Office actively participates in the working groups supporting the MCE in implementing its national energy policy agenda, as embodied in the *Australian Energy Market Agreement 2004*.

### Strategic outcomes and achievements in 2007/08

The Office provided dedicated program management, including briefing papers and support for the Minister for Energy and the Coordinator of Energy to participate in the three MCE meetings and the 13 meetings of the MCE Standing Committee of Officials (SCO).

The Office is involved in about ten key working groups and committees as a result of the increased number of COAG initiatives.

The Office was also involved in the review of Community Service Obligation mechanism by the MCE, as requested by COAG. The aim of this review was to develop a consistent national framework which efficiently targets those in need, while recognising that responsibility for delivering any community service obligations remains a matter for individual jurisdictions.

The Office advised on key national energy policy initiatives including:

- the development of a new *National Gas Law* and *National Gas Rules*;
- the establishment of an Australian Energy Market Operator (AEMO) to undertake the operation, administration and planning functions for the National Electricity Market and the gas retail market in the interconnected eastern states jurisdictions;
- the establishment of a Bulletin Board and Short Term Trading Market to apply to the interconnected gas markets of the eastern states; and
- an analysis of the costs and benefits of electricity smart meters.

### Forward planning for 2008/09

The Office will continue to advise and support Government in its involvement in the MCE.

## GOAL 2: JOBS & ECONOMIC DEVELOPMENT

### National Energy Policy Agenda – National Gas Law

A key task for the Office in 2007/08 in relation to the National Energy Policy Agenda has been to work with Commonwealth, State and Territory jurisdictions to develop a new *National Gas Law* to replace the *Gas Pipelines Access Law*. Western Australia will continue to participate in the National Gas Access Regime through developing its own complementary legislation that will correspond with the natural gas pipeline access provisions under the *National Gas Law*.

#### Strategic outcomes and achievements in 2007/08

Substantial progress has been made in 2007/08 in developing the *National Gas Law* to give effect to a national legislative framework for natural gas.

The Office advised on key national energy policy initiatives that involved significant negotiations between the Commonwealth, States and Territories. These included responding to industry consultation on the second exposure draft of the new *National Gas Law* and *National Gas Rules*, as well as obtaining agreement to a range of Western Australian specific issues that have been included in the *National Gas Rules* and the *National Gas Access (Western Australian) Bill 2008*.

#### Forward Planning for 2008/09

A key milestone in 2008/09 is for Western Australia, through the Office, to implement its own complementary gas legislation to give effect to the *National Gas Law* and *National Gas Rules* and the related institutional arrangements. Western Australia's complementary legislation is expected to be considered by Parliament in late 2008.

Following the passage of the *National Gas Law* and Western Australia's complementary legislation through Parliament, all jurisdictions are expected to make coordinated and concurrent applications to the National Competition Council for certification. This process is expected to be undertaken following passage of the *National Gas Law*.

### Performance Indicator Data

**Effectiveness Indicator:**  
**Introduction of complementary legislation into the Western Australian Parliament to implement the *National Gas Law* and the *National Gas Rules***

2007/08 Target	2007/08 Actual
August 2007	June 2007
Introduced into Parliament in June 2008 and approval is dependant on Parliamentary timeframes.	

**Effectiveness Indicator:**  
**Amendments to the *Gas Pipeline Access (Western Australia) Act 1998* to:**

1. Implement changes arising from the Productivity Commission's review of the Gas code; and
2. Introduce the Australian Energy Markets Commission into the Western Australia regulatory governance structure.

2007/08 Target	2007/08 Actual
December 2007	
Introduced Western Australia; complementary legislation to the <i>Natural Gas Law</i> into Parliament in June 2008 and approval is dependant on Parliamentary timeframes	

## GOAL 2: JOBS & ECONOMIC DEVELOPMENT

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**Efficiency Indicator: Average cost of meeting major policy implementation milestones**

Passage of *National Gas Law* and *National Gas Regulations* through WA Parliament

2007/08 Target	2007/08 Actual
1 milestone	Achieved
Introduced Western Australia; complementary legislation to the <i>Natural Gas Law</i> into Parliament in June 2008 and approval is dependant on Parliamentary timeframes.	

**Efficiency Indicator: Average cost per strategic policy developed**

Active and coordinated participation in the Ministerial Council of Energy

2007/08 Target	2007/08 Actual
1 policy	Achieved
Supported the Minister for Energy's participation in the MCE meetings and out of session decisions throughout the year.	

## GOAL 2: JOBS & ECONOMIC DEVELOPMENT

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### National Energy Policy Agenda – Australian Energy Market Operator, Bulletin Board and Short Term Trading Market

### Performance Indicator Data

As part of the project streams under the MCE, the Office worked with other jurisdictions regarding:

- a commitment to establish an AEMO to operate the national wholesale and retail electricity and gas markets, commencing in 2009; and
- initiatives of the Gas Market Leaders Group to improve transparency and improve competition in gas markets, including:
  - the establishment of a Bulletin Board; and
  - design of a Short Term Trading Market.

### Strategic outcomes and achievements in 2007/08

The Office worked with other jurisdictions and industry on the MCE Market Operator Working Group and the Implementation Steering Committee, and liaised with local electricity and gas stakeholders, regarding an implementation plan for AEMO establishment in 2009. As part of the MCE agreed implementation plan, the AEMO is to be a not-for-profit company limited by guarantee comprising of joint membership of industry and government. The AEMO will have the following functions:

- electricity market operation and administration functions carried out by the National Electricity Market Management Company, for the National Electricity Market in the interconnected eastern states jurisdictions;
- national transmission planning function in the National Electricity Market;
- gas retail market operation and administration functions carried out by the existing retail market operators in the interconnected eastern states;
- other gas retail market functions, including long-term operation of the Bulletin Board and the Short Term Trading Market;
- advice to the National Gas Emergency Response Advisory Committee; and
- development and operation of a gas market statement of opportunities.

The strategic outcomes and achievements of these initiatives contribute to the achievement of the **Efficiency Indicator: Average cost of strategic policy developed** Wholesale gas market policy development

## GOAL 2: JOBS & ECONOMIC DEVELOPMENT

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The Office has taken into account local circumstances in considering the application of the AEMO to Western Australia. This has included consideration of reviews of the effectiveness and operation of the gas retail market scheme in Western Australia by the Retail Energy Market Company (REMCo) and by the ERA during 2007/08. It is noted that the REMCo and the ERA both concluded that the REMCo gas retail market scheme is working satisfactorily and that no changes to the provisions of the scheme appear to be warranted to achieve the purposes set out in section 11ZOB of the *Energy Coordination Act 1994*.

As a result, the AEMO will not apply to Western Australia in the short term, but the MCE has agreed that Western Australian specific gas and electricity wholesale and retail market functions may be able to be transferred to the AEMO, subject to the discretion of the Minister for Energy.

A Bulletin Board design was agreed by the MCE for application to gas markets in the interconnected eastern states, including mandatory information requirements for producers, storage and supply facilities, and pipeline operators including in relation to short-term outlooks for supply and demand and actual deliveries. The Bulletin Board would also provide information on gas emergencies.

The parameters for the MCE agreed Bulletin Board were implemented as part of the *National Gas Law*. The Office of Energy has considered that more detailed consultation is required with local stakeholders to take into account market circumstances in Western Australia, and reserved the right to join the cross-jurisdictional Bulletin Board at its discretion in the future.

### **Forward planning for 2008/09**

The Office will continue to be involved in the industry-government Implementation Steering Committee, to monitor the detailed development of an implementation plan for establishing the AEMO in 2009.

The Office will monitor the operation of the Bulletin Board and the detailed design of a Short Term Trading Market for the gas markets in the interconnected eastern states.

The Office will consider how these types of initiatives may apply in a Western Australian context, taking into account the operation and effectiveness of the short-term Bulletin Board arrangements established in response to the Varanus Island gas supply interruption.

## GOAL 2: JOBS & ECONOMIC DEVELOPMENT

### National Energy Policy Agenda – Smart Meters

As part of its involvement in the MCE, the Office also participated in the implementation of National Competition Reform initiatives and commitments agreed by COAG. This included a commitment to a staged approach for rolling out electricity smart meters where benefits outweigh costs.

#### Strategic outcomes and achievements in 2007/08

The Office worked closely with other jurisdictions, and consulted local stakeholders, in overseeing an MCE appointed independent consultancy's assessment of the costs and benefits of rolling out electricity smart meters across jurisdictions.

The cost-benefit analysis was conducted in two phases. The results of the first phase were the basis for the decision by the MCE in December 2007 providing support for a minimum functionality for smart meters. The MCE considered the findings of the second phase of the cost-benefit analysis in June 2008 and noted that there continue to be uncertainties about the costs and benefits of smart meters in some jurisdictions and that different staged approaches are being taken to support the further development of smart meters across Australia.

As part of this decision, Western Australia recognised the potential benefits of smart meters and committed to respond on the possibility and timing of a roll-out in the SWIS in conjunction with upcoming decisions on broader energy market policy in Western Australia, including outcomes of the Electricity Retail Market Review.

#### Forward planning for 2008/09

The Office will participate in the development of a consistent national framework for electricity smart meters in the National Electricity Market, noting that Victoria and New South Wales' governments have committed to rolling out smart meters in their respective jurisdictions. As part of this, a national minimum functionality standard and associated service levels and performance standards will be established in the National Electricity Rules through a cross-jurisdictional group of technical officers from the electricity industry.

The Office will facilitate representation by Western Australian stakeholders in relevant smart meter implementation working groups to promote consistency between Western Australia and other jurisdictions as appropriate to the circumstances in this State.

### Performance Indicator Data

#### Effectiveness Indicator: Establish policy for the introduction of electricity smart meters

2007/08 Target	2007/08 Actual
Dec 2007	
Delays in the completion of the MCE smart meter cost-benefit analysis have impacted on the timing for recommendations to be provided to the Office on FRC and the Electricity Retail Market review.	

#### Effectiveness Indicator: Complete Review of Electricity Full Retail contestability, Tariff Arrangements and consideration of Ministerial Council on Energy cost-benefit analysis of smart meter implementation

2007/08 Target	2007/08 Actual
Dec 2007	
Delays in the completion of the MCE smart meter cost-benefit analysis have impacted on the timing for recommendations to be provided to the Office on smart metres and FRC component of the review.	

## GOAL 2: JOBS & ECONOMIC DEVELOPMENT

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The Office will also give consideration to the MCE reviewing the costs and benefits of electricity smart meters in off-grid areas. The Office will work with regional stakeholders, including Horizon Power, in this regard.

## GOAL 2: JOBS & ECONOMIC DEVELOPMENT

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### National Energy Policy Agenda - National Framework for Energy Efficiency

### Performance Indicator Data

The National Framework for Energy Efficiency aims to unlock the significant potential for increasing the uptake of energy efficient technologies and processes across the Australian economy. Stage 2 National Framework for Energy Efficiency strategies and work program has been finalised and agreed.

#### **Strategic outcomes and achievements in 2007/08**

The Office actively participated in the development and finalisation of the Stage 2 strategies and ongoing implementation of the Stage 1 work-streams of Buildings and Equipment Energy Efficiency. The Stage 2 strategies cover Government Leadership through Greenleases, Heating, Ventilating and Air-Conditioning Systems, Hot Water, Energy Efficiency Data Gathering, Trade and Professional Training and Phase-out of Inefficient Lighting.

#### **Forward planning for 2008/09**

The Office will continue to participate in the implementation of ongoing work streams of Buildings and Equipment Energy Efficiency from Stage 1 and the new Stage 2 strategies.

The strategic outcomes and achievements of this program contribute to **Strategic Outcome 2: Increasing the adoption of energy efficiency**

## GOAL 2: JOBS & ECONOMIC DEVELOPMENT

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### Advisory Role on Economic Regulation of the Energy Industry

The Office advises Government on policy development and implementation related to the economic regulation of the gas and electricity industry in the State. In addition to advising on legislative instruments, the Office monitors and advises Government on regulatory decision-making and represents Government policy as necessary.

Issues dealt with in the year were primarily associated with arrangements for access to energy infrastructure under the *Electricity Networks Access Code 2004* and the move to the *National Gas Law* (see National Energy Policy Agenda). Other issues included energy infrastructure, access arrangements, gas and electricity licensing, gas retail market arrangements and charging for expansions of network capacity.

### Strategic outcomes and achievements in 2007/08

During 2007/08, the Office advised on a range of issues, including:

- development of a headworks charge policy for customer payments for uneconomic expansions of network capacity at the extremities of the SWIS distribution system;
- development of a rebate scheme to assist those facing large headworks charges under the above policy;
- representing the public interest in relation to various electricity licences being sought from the ERA; and
- representing the public interest in the levying of unregulated fees and charges by private suppliers of natural gas and LPG.

### Forward planning for 2008/09

This role will continue in 2008/09. A major area of involvement will be representing Government policy in the process for approval of Western Power's revised Access Arrangement, to commence on 1 July 2009.

## GOAL 2: JOBS & ECONOMIC DEVELOPMENT

### Government Energy Utilities

The Electricity Corporations operate in a competitive market environment that creates additional challenges for the individual Boards and for the Government as the owner of the Electricity Corporations.

Given the importance of electricity as an essential service, and the value of public assets under the control of the Electricity Corporations, a high level of transparency and accountability is required. The Minister for Energy has a number of responsibilities under the *Electricity Corporations Act 2005* with respect to the Electricity Corporations, including approving key strategic documents and significant transactions.

The Office supports the Minister for Energy in this role through the provision of advice that seeks to balance the Electricity Corporations' financial objectives with the State's market development objectives.

The Office also administers the Vesting Contract between Synergy and Verve Energy on behalf of the Minister for Energy. The Vesting Contract is the contract for the wholesale supply of electricity and Capacity Credits between these two Government-owned corporations.

#### Strategic outcomes and achievements in 2007/08

The Office has provided advice to the Minister on a number of key issues relating to the Corporations, including:

- Review and advice to the Minister with respect to approval of significant commercial undertakings proposed by the Electricity Corporations, as required by the *Electricity Corporations Act 2005*.
- Advice on the Strategic Development Plans and Statements of Corporate Intent for the Electricity Corporations. These documents outline the key strategies and outcomes committed to by the Corporations. The Statements of Corporate Intent were tabled in Parliament in accordance with the *Electricity Corporations Act 2005*.
- The Office progressed a package of amendments to the Vesting Contract to address the ongoing interaction of the contract with the development of the Wholesale Electricity Market, and commenced consultation with Synergy and Verve Energy on amendments to be implemented during 2008/09.

### Performance Indicator Data

#### Effectiveness Indicator: Commission Vesting Contract Reset Model and undertake first Reset Process under the contract

2007/08 Target	2007/08 Actual
October 2007	October 2007
The Vesting Contract Reset Model has been commissioned, reset commenced on 1 October 2007.	

#### Efficiency Indicator: Average cost of strategic policy developed

Active input into the Electricity Corporations' Strategic Development Plans

2007/08 Target	2007/08 Actual
1 policy	Achieved
No variation between target and actual.	

#### Efficiency Indicator: Average cost of major policy implementation milestones Administration of the Tariff Equalisation Fund

2007/08 Target	2007/08 Actual
1 milestone	Achieved
No variation between target and actual.	

## GOAL 2: JOBS & ECONOMIC DEVELOPMENT

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- The Office also continued to monitor the displacement tendering activities undertaken by Synergy in accordance with the Vesting Contract requirements.
- Assessment of and advice on quarterly and annual reports, including key performance indicators required by Government.

### **Forward planning for 2008/09**

The Office will continue to support the Minister for Energy to fulfil the role of shareholder in the Electricity Corporations in a more competitive and challenging trading environment.

The Office will continue to administer the Vesting Contract on behalf of the Minister for Energy and progress required amendments to reflect the outcomes of the Electricity Retail Market Review, while ensuring the objectives of the contract are maintained.

## GOAL 3: LIFESTYLE & THE ENVIRONMENT

### State's Input to a National Emissions Trading Scheme Performance Indicator Data

The Office provided policy input to the Emissions Trading Unit throughout 2007/08, and has assisted in the State's development of a policy position on emissions trading issues, particularly those concerning energy markets.

#### Strategic outcomes and achievements in 2007/08

The State's Response to a National Emissions Trading Scheme has been coordinated by the Department of Treasury and Finance's Emissions Trading Unit.

The Office provided ongoing policy input to the Emissions Trading Unit throughout 2007/08 to assist in the State's development of a policy position on emissions trading issues.

Input to the Emissions Trading Unit has involved analysis and interpretation of proposed scheme design details and modelling results, focusing on energy sector impacts but also covering more general economic issues.

The Office was actively involved in the National Emissions Trading Taskforce until it was effectively disbanded in early 2008.

#### Forward planning for 2008/09

The Office will continue to provide policy input to the Emissions Trading Unit throughout 2008/09, and assistance in the State's development of a policy position on emissions trading issues surrounding the electricity market.

Initially, this will involve the preparation of a State response to the Commonwealth's Green Paper on emissions trading.

#### Effectiveness Indicator: Policy input into the State's response to a National Emissions Trading Scheme

2007/08 Target	2007/08 Actual
Aug 2007	Oct 2007
The policy input into the State's response to a National Emissions Trading Scheme is an ongoing process. The Office has provided policy input throughout the 2007/08 financial year.	

#### Efficiency Indicator: Average cost of strategic policy developed

Development of national emissions trading framework meeting Western Australia's needs

2007/08 Target	2007/08 Actual
1 policy	Achieved
No variation between target and actual.	

## GOAL 3: LIFESTYLE & THE ENVIRONMENT

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### Renewable Energy Target

In 2005 the Government set a target for 6 per cent of the electricity sold on the SWIS to come from renewable sources by 2010. In April 2007 it set new targets of 15 per cent by 2020 increasing to 20 per cent by 2025.

Renewable energy targets set government policy goals for the energy sector. The share of renewable energy as a source of electricity sold on the state's main grid continued to grow during 2007/08. The commissioning of a major wind farm in late 2006 saw renewable energy contribute over 5 per cent in 2007/08.

### Strategic outcomes and achievements in 2007/08

The Office continued development of a Western Australian Renewable Energy Target in 2007/08. A scheme design paper was released for consultation in August with briefings provided for the major electricity industry sectors, and presentations made to various stakeholder groups. The design paper outlined the Government's preferred options on a number of key design issues and sought industry feedback on the proposals.

A summary document outlining the significant issues raised in submissions has been released. Emerging issues for the state's main electricity system resulting from increasing levels of renewable energy generation, particularly from intermittent generation sources, were identified through the consultation process.

The Federal Government has committed to expand its Mandatory Renewable Energy Target (MRET) scheme to reach 45,000 Gigawatt hours by 2020, as a component of its overall target for 20 per cent of Australia's electricity to be sourced from renewable energy by 2020.

The expanded national scheme will be a major driver of investment in Western Australia, with the State's renewable energy liability exceeding that required under the State Government's 2020 target.

The Commonwealth has proposed, and it has been agreed, to work through COAG for the implementation of the expanded renewable energy target. The State Government is working with it and other state and territory governments on the scheme design parameters.

### Performance Indicator Data

The strategic outcomes and achievements of this program contribute to **Strategic Outcome 2: Increasing the adoption of renewable energy**

An expanded national mandatory renewable energy target scheme will be a major driver of renewable energy investment in Western Australia.

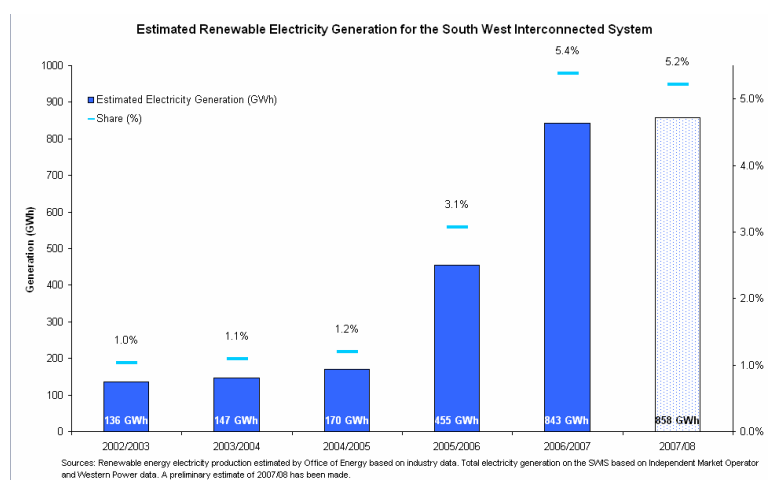
## GOAL 3: LIFESTYLE & THE ENVIRONMENT

### Forward planning for 2008/09

COAG will consider a design for the expanded MRET scheme in the second half of 2008. The Office will lead negotiations with the Commonwealth on the design of the scheme until this time, as well as liaising with Western Australian stakeholders.

Further development of a mandatory renewable energy target scheme for Western Australia is not planned while the new national target is under development.

The Office is examining issues arising from a significant increase in renewable generation in the electricity system, particularly from intermittent sources, through electricity market rule change processes. Substantial analysis will be required to sort through the issues and could lead to changes in the operation of the market. Network planning and access arrangements to facilitate access for non-conventional sources of electricity also need to be reviewed.



## GOAL 3: LIFESTYLE & THE ENVIRONMENT

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### Government Purchase of Renewable Energy

The Government has committed to buy increasing amounts of its electricity from renewable sources up to 20 per cent by 2010.

This purchase should stimulate development in the renewable energy industry, reducing the use of fossil fuels and subsequent greenhouse gas emissions.

The GreenPower program was chosen to meet the commitment. GreenPower is an audited government accredited program that guarantees the renewable energy is additional to that required under the mandatory national target scheme.

### Strategic outcomes and achievements in 2007/08

The Office contracted with Alinta for the provision of 26 Gigawatt hours of accredited GreenPower in 2007/08. The GreenPower was sourced from the Alinta Windfarm situated at Walkway Beach south of Geraldton. The purchase will reduce greenhouse gas emissions from Government operations by around 24,000 tonnes. This is equivalent to taking over 5,300 cars off the road for a year.

### Forward planning for 2008/09

Tender documentation for the next procurement round has been developed for release early in the 2008/09 financial year.

### Performance Indicator Data

**Effectiveness Indicator: Use of renewable energy through incentive programs, indicated by the displacement of fossil fuel, kilowatt/hour of fossil fuel energy displaced by Government purchase of Renewable Energy**

2007/08 Target	2007/08 Actual
26 GWh	26 GWh
No variation between target and actual.	

## GOAL 3: LIFESTYLE & THE ENVIRONMENT

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### Photovoltaic Working Group

The Photovoltaic Working Group was established at the request of the Minister for Energy. The purpose of the working group was to provide a forum for the Government and industry to work together to identify and address barriers to the uptake of PV systems connected to the South West Interconnected Network (SWIN) and regional grids.

A key task of the group was to identify and place a value on the benefits grid-connected photovoltaic systems provide to the electricity system.

#### **Strategic outcomes and achievements in 2007/08**

A final report was provided by the consultants, the Centre for Environmental and Energy Markets, quantifying the benefits grid connected photovoltaic systems provide. The report examined a number of parameters, including off-setting network losses and grid augmentation, provision of reliable capacity and the value of displacing peak energy.

The consultants report and another by the working group on non-market barriers formed the basis of a report on the findings and recommendations of the working group to the Minister for Energy.

#### **Forward planning for 2008/09**

A number of recommendations were assigned to Sustainable Energy Development Office (SEDO). Some have been completed or are underway. An implementation plan to guide the completion of the remaining items has been developed.

### Performance Indicator Data

The strategic outcomes and achievements of this program contribute to **Strategic Outcome 2: Increasing the adoption of renewable energy**

## GOAL 3: LIFESTYLE & THE ENVIRONMENT

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### SEDO Renewable Energy Production Subsidy

The Government made up to \$6 million dollars available to support renewable energy generators in the transition to the new electricity market.

#### Strategic outcomes and achievements in 2007/08

Stage Three of the program was launched. The Renewable Energy Production Subsidy provided support for the generation of 63 Gigawatt hours of renewable energy in 2007/08

#### Forward planning for 2008/09

Stage three recipients will continue to be supported through the renewable energy production subsidy in 2008/09.

### Performance Indicator Data

**Effectiveness Indicator: Use of renewable energy through incentive programs, indicated by the displacement of fossil fuel, kilowatt/hour of fossil fuel energy displaced by Renewable Energy Production Subsidy**

2007/08 Target	2007/08 Actual
94.7 GWh	63.0 GWh
Forecast generation based on maximum amounts payable in agreements with generators. Lower than expected generation from some plant meant the total output was below the target.	

## GOAL 3: LIFESTYLE & THE ENVIRONMENT

### Energy Smart Community

The Energy Smart Community initiative enhances community understanding of the benefits of sustainable energy use. It provides extensive information on options for reducing energy consumption in the home and supports software applications to help designers, builders and homeowners better understand the energy performance characteristics of their buildings.

#### Strategic outcomes and achievements in 2007/08

The *Reach for the Stars Program*, promoting energy efficient star-rated electrical and gas appliances, continued to build on the already high consumer awareness of the importance of choosing a high star-rated appliance. More retailers were encouraged to participate in the program and a record number of sales staff received training.

Demand for the advisory services provided by the Energy Smart Line continued. The range and quantity of information and brochures distributed through the service to the general community continued to grow during 2007/08. The *Top Ten Energy Smart Tips* was developed to focus community attention on the best ways for home owners to reduce energy costs and greenhouse gas emissions.

The development of a sustainable energy seminar information and resource kit was finalised. This resource kit will enable the delivery of more seminars to the community, in local and regional areas.

The Office continued work promoting energy efficient street lighting through local government, following the release of the report, *Improved Street Lighting Study for Greenhouse and Safety Benefits*. SEDO also worked with industry to widen the availability of energy efficient street lighting options for local governments.

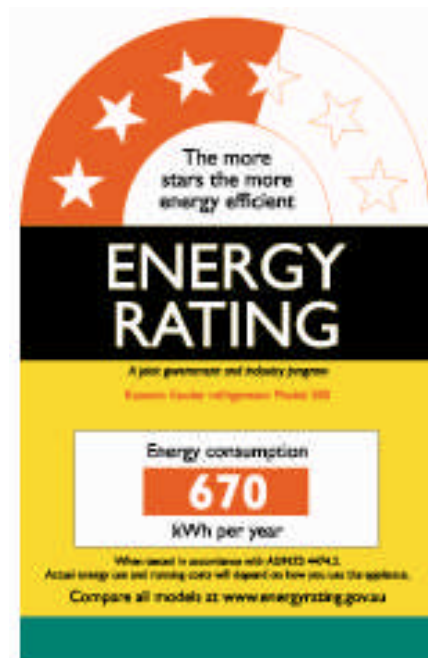
The second generation House Energy Rating software tools, Building Energy Rating Scheme software and FirstRate 5.0 were released for use in Western Australia, complimenting the existing AccuRate software tool. The Association of Building Sustainability Assessors (ABSA) continued to provide quality training and professional development services to the industry, under the direction of SEDO. The percentage of ratings undertaken for new homes increased to nearly 20 per cent, indicating a growing acceptance by industry.

### Performance Indicator Data

**Effectiveness Indicator:  
Adoption of energy efficiency  
by the community, indicated  
by the percentage of new  
houses approved under the  
House Energy Rating Scheme**

2007/08 Target	2007/08 Actual
18%	19.4%

The reduced number of housing starts for the 12-month period, in conjunction with the number of HERS ratings remaining strong has increased the percentage of ratings from the 18 per cent forecast.



## GOAL 3: LIFESTYLE & THE ENVIRONMENT

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### Forward planning for 2008/09

The *Reach for the Stars Program* will be expanded to include training of electrical retailers of products covered by the expanded Minimum Energy Performance Standards. It will continue its focus on promoting high energy star-rated electrical and gas appliances.

The sustainable energy seminar information and resource kits will be promoted through local government and community groups providing a resource of community-focused sustainable energy information for regional and metropolitan areas.

Development of disclosure of house energy performance at point of sale will continue, including disclosure of hot water systems, lighting and heating/cooling systems. The process for disclosure is hoped to be finalised during 2008, in line with the National Framework for Energy Efficiency work program. A second local trial will be undertaken prior to finalisation of the disclosure process.

The Energy Smart Line services will continue to provide advice to the community on sustainable energy issues.

## GOAL 3: LIFESTYLE & THE ENVIRONMENT

### Energy Smart Business

The Energy Smart Business initiative aims to encourage Western Australian businesses to consider energy management as normal business practice. Many companies are not aware of the opportunities available to reduce energy use and expenditure, still considering energy use as a fixed cost.

#### Strategic outcomes and achievements in 2007/08

Western Australian industry is leading the country in the use of the Australian Building Greenhouse Rating tool with nearly 60 per cent of Perth's central business district office buildings rated since the programs inception. Perth continues to have a greater percentage of office space rated than in any other Australian State capital. Nearly 16 per cent of the commercial office buildings rated in Western Australia achieved a rating of between 4 and 5 stars, which is higher than most other States.

The Energy Smart Directory website and the Energy Smart Toolbox were promoted widely to business and industry. These tools are aimed at meeting the expanding demand for information on sustainable energy products and energy management strategies.

#### Forward planning for 2008/09

The Office, through the Equipment Energy Efficiency Program, will contribute to the development of Minimum Energy Performance Standards for an expanded range of products and strengthening standards for existing products. It will also enhance retailer and government procurement support activities, in line with the Stage 2 National Framework for Energy Efficiency work plan.

Disclosure of commercial building energy performance at point of sale or lease will be progressed, in line with the National Framework for Energy Efficiency work program.

### Performance Indicator Data

**Effectiveness Indicator:  
Adoption of energy efficiency  
by business, indicated by the  
number of buildings rated  
under the Australian  
Greenhouse Building Rating  
Program**

2007/08 Target	2007/08 Actual
24	25
More buildings rated than expected.	



## GOAL 3: LIFESTYLE & THE ENVIRONMENT

### Energy Smart Government Policy

The Energy Smart Government policy requires all general government sector agencies with 25 or more staff (full-time employee (FTE) equivalents or) to reduce annual stationary energy consumption by 12 per cent from 2001/02 levels by 2006/07. Agencies are also required to report their total energy costs, consumption, greenhouse gas emissions and key performance indicator data each year.

### Strategic outcomes and achievements in 2007/08

\*Note that Energy Smart Government figures are not calculated until October each year and reporting is based on the previous financial year.

The Energy Smart Government Program has enabled the Western Australian Government to maintain energy consumption and costs below 2001/02 levels.

In the five years that the program has been operating, the public service has grown by over 16 per cent but absolute energy consumption by participating agencies has decreased over that time. Headline results over the duration of the program relative to the 2001/02 baseline include:

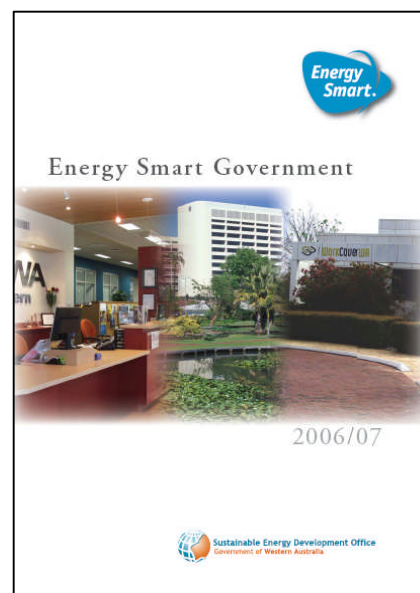
- Energy savings of almost 500,000 GJ;
- Over \$13 million in energy cost savings; and
- Avoidance of around 37,000 tonnes of greenhouse gas emissions.

In 2006/07, agencies achieved a 24 per cent saving in energy use relative to a State economic growth based business as usual scenario.

The target for 2006/07 set in the Energy Smart Government policy was a 12 per cent reduction in energy consumption relative to the 2001/02 baseline. Collectively, on the basis of efficiency of energy use, participating agencies exceeded that goal, delivering an energy use per FTE of 16.2 per cent below the baseline level. Individually, many agencies demonstrated significant improvements in energy efficiency.

Forty agencies achieved an overall reduction in energy use per FTE of over 12 per cent. The absolute 12 per cent energy reduction target was achieved by 20 agencies, with 11 of these reporting energy consumption more than 20 per cent lower than their baselines.

### Performance Indicator Data



## GOAL 3: LIFESTYLE & THE ENVIRONMENT

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Demand for capital advance funding reduced in 2006/07 as agencies focussed on projects expected to be completed within the timeframe of the existing Energy Smart Government policy. Strong demand continued for facilitation grant funding with the majority of funding sought to engage consultants to provide technical expertise on the implementation of capital energy efficiency projects.

The data reported by agencies in 2006/07 shows that collectively, energy consumption was 69,899 GJ (2.5 per cent) below the baseline, energy cost was \$2.3 million (2.9 per cent) below the baseline and greenhouse gas emissions were 9,385 tonnes (1.7 per cent) above the baseline level for the year.

### **Forward planning for 2008/09**

The Office will work closely with agencies to implement the second five-year phase of the Program. A key objective of the Energy Smart Government policy is for energy efficiency to be established as an integral component in the management of government assets. Many agencies have adopted the principles of sustainability and now have effective energy management programs in place that have enabled significant reductions in the intensity of their energy use. There is still opportunity for improvement and implementation of further energy efficiency measures by some agencies.

## GOAL 3: LIFESTYLE & THE ENVIRONMENT

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### Industry Mandatory Energy Efficiency

### Performance Indicator Data

This program will require large to medium industry to identify and implement cost effective energy efficiency measures, reducing energy consumption and greenhouse gas emissions. Consistency with similar state and national programs will be a priority to assist business in complying with the requirement.

In June 2007 the MCE agreed to investigate the potential for a national scheme and tasked a working group with scoping and assessing the proposed program. Western Australia, through the Office, agreed to lead this project nationally.

#### **Strategic outcomes and achievements in 2007/08**

In 2007/08, the Industry Mandatory Energy Efficiency Working Group, lead by the Office, commissioned a cost benefit analysis on a national mandatory energy efficiency requirement for industry. The consultants delivered a final report to the working group in April 2008. A paper outlining legislative framework options for implementing a national mandatory energy efficiency scheme for medium to large industries was also produced by the Office on behalf of the working group.

In June 2008, after considering these reports, the MCE agreed to defer further work on a national industry mandatory energy efficiency scheme pending the outcome of several reviews currently underway, including the review of complementary measures to a national emissions trading scheme, the Garnaut Climate Change Review and the work of the COAG Climate Change and Water Working Group.

#### **Forward planning for 2008/09**

In lieu of agreement at a national level, development of an energy efficiency program for Western Australian will continue. Consultation with industry will be an important part of the work program.

The strategic outcomes and achievement of this program will contribute to **Strategic Outcome 2: Increasing the adoption of energy efficiency**

## GOAL 3: LIFESTYLE & THE ENVIRONMENT

### Solar Schools Program

The Solar Schools Program provides rebates for solar (photovoltaic) power systems installed at Western Australian State Government schools. The Program helps students to learn about sustainable energy and greenhouse gas emissions, while at the same time enabling schools to generate some of their own electricity from renewable energy, reducing the use of fossil fuels and greenhouse gas emissions.

The Solar Schools Program was expanded in 2007/08, with an additional \$4.1 million being committed to the Program in November 2007. The additional funding will allow more than 350 schools to use renewable energy by 2010, more than doubling the original number of schools participating in the Program.

#### Strategic outcomes and achievements in 2007/08

Photovoltaic systems were installed in 26 schools in 2007/08.

The fourth round of the Solar Schools Program was successfully concluded in 2007/08, with 99 schools being awarded funding to install their own solar panels. A total of 131 schools have secured funding since the Program was first introduced in November 2005.

#### Forward planning for 2008/09

The Office will continue to support schools during 2008/09 with a particular emphasis on coordination with the Commonwealth's Solar Schools program (commenced 1 July 2008) to facilitate the best outcome from a combination of both programs. The Office will also enhance its sustainable energy education package for schools in collaboration with the Department of Education and Training.

During 2008/09 the eligibility criteria for the program will be expanded to include independent and Catholic schools.

### Performance Indicator Data

**Effectiveness Indicator: Use of renewable energy through incentive programs, indicated by the displacement of fossil fuels, kilowatt/hour of fossil fuel energy displaced by the Solar Schools Program**

2007/08 Target	2007/08 Actual
90,000 kWh Displaced	56,563 kWh Displaced
The expanded program was launched in November 2007 and there has been a delay between the announcement, the approval and the implementation of additional systems.	

## GOAL 3: LIFESTYLE & THE ENVIRONMENT

### Solar Water Heater Subsidy Scheme

The State Government's Solar Water Heater Subsidy Scheme provides rebates to householders who install gas-boosted solar water heaters. As these types of water heaters have the lowest greenhouse gas emissions and running costs of all common residential water heaters, the scheme helps householders to reduce energy bills while delivering greenhouse gas reductions. The program also supports the solar water heater manufacturing industry in Western Australia.

#### Strategic outcomes and achievements in 2007/08

During 2007/08, rebates were provided for 2,103 gas-boosted solar water heaters, most of which were installed in new homes. These systems are estimated to reduce greenhouse gas emissions by 3,680 tonnes of carbon dioxide per year and have facilitated an increase in the market share of gas-boosted solar water heaters.

#### Forward planning for 2008/09

The Office is currently considering how the scheme complements the 5 Star Plus standards, announced as part of the Premier's Climate Change Action Statement, requiring a solar water heater, 5-star gas or electric heat pump water heater to be used in new homes. The standards were introduced in September 2007 and will take full effect from 1 September 2008.

### Performance Indicator Data

**Effectiveness Indicator: Use of renewable energy through incentive programs, indicated by the displacement of fossil fuels, kilowatt/hour of fossil fuel energy displaced by the Solar Hot Water Subsidy Scheme**

2007/08 Target	2007/08 Actual
7,500,000 kWh avoided	8,724,128 kWh avoided
Exceeded demand. The demand for rebates was higher than forecast.	

## GOAL 3: LIFESTYLE & THE ENVIRONMENT

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### SEDO Grants Program

The SEDO Grants Program provides funding for innovative community-based sustainable energy projects and sustainable energy research and development initiatives. Grants of up to \$50,000 per project are awarded through competitive funding rounds.

#### Strategic outcomes and achievements in 2007/08

Two funding rounds were scheduled for 2007/08. The first funding round was completed in December 2007, with grants totalling \$209,770 being approved for 7 projects. Applications to the second funding round closed in March 2008, but assessment was delayed due to staff being redeployed to assist with other urgent projects. The results of the second funding round are expected to be announced later in 2008.

#### Forward planning for 2008/09

The Office will continue to administer, promote and monitor the SEDO Grants Program to ensure the best outcomes are achieved from the available funding. Funding rounds are scheduled for late 2008 and early 2009.

### Performance Indicator Data

2007/08 Target	2007/08 Actual
10 grants	7 grants
Second funding round delayed due to staff being redeployed to assist with other urgent projects.	

## GOAL 4: REGIONAL DEVELOPMENT

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### Horizon Power's Connection Policy

A connection policy is being developed in consultation with Horizon Power to provide transparency on the connection of customers in regional areas outside of its statutory obligation to connect. Regional businesses will benefit from the clarity that this policy provides as it will give businesses clear expectations on the connection to regional networks.

### Strategic outcomes and achievements in 2007/08

The issues associated with the connection of regional customers were identified and a plan created for the development of Horizon Power's Connection Policy. This included the identification of data and analysis required for the development of options.

### Forward planning for 2008/09

An analysis of the options for Horizon Power's Connection Policy will be completed, and recommendations provided to Government.

## GOAL 4: REGIONAL DEVELOPMENT

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### Western Power Headworks Scheme and Government Rebate

The headworks charge is a one-off charge applying to users connecting to the electricity network, or significantly increasing their load at remote or edge of grid locations. It is a fairer and more equitable approach to capital contribution requirements relating to enhancements to the backbone distribution system. It applies in areas distant from substations where tariffs would not recover the cost of providing increased network capacity, because of long feeder lines and lower customer densities.

During 2006/07, the Office worked with Western Power in its development of a Distribution Headworks Scheme. The Office also developed for Government approval an associated rebate scheme to mitigate the effects of headworks charges at locations where they are highest.

#### Strategic outcomes and achievements in 2007/08

The Headworks Scheme and Government subsidy were announced in August 2007. The Office worked closely with Western Power to introduce and establish the scheme.

#### Forward planning for 2008/09

Work is continuing to finalise regulatory arrangements that will allow the Headworks Scheme to be fully integrated with Western Power's Access Arrangement.

### Performance Indicator Data

#### Efficiency Indicator: Average cost of strategic policy developed

Development of policy on electricity headworks and Government subsidy for the South West Interconnected System.

2007/08 Target	2007/08 Actual
1 policy	Achieved
No variation between target and actual.	

## GOAL 4: REGIONAL DEVELOPMENT

### Renewable Remote Power Generation Program (RRPGP)

The RRPGP provides funding for renewable energy systems and energy efficiency projects in regional Western Australia. It is an Australian Government funded initiative, which is implemented in Western Australia by SEDO. Funding for the Program is sourced from diesel fuel excise paid in Western Australia from 2001 to 2004.

Implementation of the RRPGP takes place through a number of sub-programs, including the Remote Area Power Supply (RAPS) Program, the Renewable Energy Water Pumping (REWP) Program, the Regional Energy Efficiency Program and the Rural Renewable Energy Program. The Renewable Remote Power Generation Program also funds large renewable energy power systems and industry support projects.

#### Strategic outcomes and achievements in 2007/08

The RRPGP continued to drive the uptake of renewable energy in regional areas by providing over \$9 million in rebates in 2007/08. This included the RAPS program providing over \$6.1 million in rebates for 123 small-scale solar and wind power systems while the REWP program provided over \$255,000 for 82 solar pumps and windmills. Four large renewable energy projects were progressed in 2007/08; a 1.6MW wind farm at Kalbarri; a 825kW wind farm at Coral Bay; an additional 600kW wind turbine at Hopetoun; and an additional 300kW wind turbine at Denham. The Hopetoun project was completed and the others, while operational, will be finalised in early 2008/09.

The Coral Bay wind project is particularly significant as it involves the installation of three cyclone-proof wind turbines, which can be lowered in the event of a cyclone, coupled with an innovative short-term storage facility. It will be the first large-scale application of its kind in Australia and has the potential to be used in other cyclone-affected areas.

The Rural Renewable Energy Program for small and medium sized grid-connect renewable energy power systems in specific 'fringe of grid' areas of the main electricity grid continued to be popular. During 2007/08 \$1.1 million was provided for 72 small projects. The Office also liaised with the Commonwealth to progress applications to the first funding round for medium projects and announcements on successful applications are expected in late 2008.

### Performance Indicator Data

**Effectiveness Indicator: Use of renewable energy through incentive programs, indicated by the displacement of fossil fuels, kilowatt/hour of fossil fuel energy displaced by the Renewable Remote Power Generation Program (RRPGP) Large Projects (off-grid and fringe of grid)**

2007/08 Target	2007/08 Actual
6,700,000 kWh Displaced	1,100,000 kWh Displaced
The implementation of several projects by proponents was delayed. This measure comprises a small number of large projects resulting in outcomes varying considerably from year to year.	

**Effectiveness Indicator: Use of renewable energy through incentive programs, indicated by the displacement of fossil fuels, kilowatt/hour of fossil fuel energy displaced by the Renewable Remote Power Generation Program (RRPGP) – Remote Area Power Supply**

2007/08 Target	2007/08 Actual
400,000 kWh Displaced	837,397 kWh Displaced
Exceeded target. The demand for rebates continues to increase and the size of systems is also increasing.	

## GOAL 4: REGIONAL DEVELOPMENT

The Regional Energy Efficiency Program continued to help people save energy (and greenhouse gas emissions) in areas outside of the SWIS. The program offers free energy saving lamps, rebates for energy efficient appliances, insulation and controllers and energy audits for businesses. The program has been very successful in encouraging the uptake of energy efficient appliances in regional areas with more than 650 rebates being paid during the year.

The RRP GP continued to support the Research Institute for Sustainable Energy at Murdoch University. The funding is provided to the Institute to carry out testing of renewable energy equipment, assist in the development of relevant standards, provide training for local industry members and provide an information service on renewable energy systems.

### Forward planning for 2008/09

The Office will continue to operate the various sub-programs of the RRP GP in 2008/09, including administering funding for several projects currently under development. A competitive funding round will also be undertaken with the remaining large projects funding.

The Office will offer subsidised energy audits to small businesses in the Mid West and other off-grid regions under the Regional Energy Efficiency Program and work in partnership with Horizon Power to maximise the effectiveness of this, other RRP GP programs and the Solar Schools program.

**Effectiveness Indicator: Use of renewable energy through incentive programs, indicated by the displacement of fossil fuels, kilowatt/hour of fossil fuel energy displaced by the Renewable Remote Power Generation Program (RRP GP) – Renewable Energy Water Pumping Program**

2007/08 Target	2007/08 Actual
100,000 kWh avoided	72,997 kWh avoided
The demand for rebates was less than expected. This program is affected by climate variations and there is also a limit on the number of rebates large farms can claim.	

**Effectiveness Indicator: Use of renewable energy through incentive programs, indicated by the displacement of fossil fuels, kilowatt/hour of fossil fuel energy displaced by the Renewable Remote Power Generation Program (RRP GP) – Rural Renewable Energy Program**

2007/08 Target	2007/08 Actual
100,000 kWh Displaced	372,479 kWh Displaced
Program has been extremely successful in attracting support for renewable energy systems in fringe of grid areas.	

## GOAL 5: GOVERNANCE & PUBLIC SECTOR IMPROVEMENT

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### Ministerial directives

When appropriate, Ministerial directives are received by the Coordinator of Energy. There were no Ministerial directives during the reporting period.

### Employment

#### Staff profile

The Office had an average staffing level of 65.48 full-time equivalents for the 2007/08 financial year, compared with 56.2 full-time equivalents for 2006/07.

There were no significant changes to levels and no leave management issues to report.

#### Recruitment

All staff recruitment is performed in accordance with the Public Sector Standards in Human Resource Management and the approved procedures under the *Public Sector Management Act 1994*.

The Office's staffing policies meet relevant legislative and public sector management requirements including the *Public Sector Management Act 1994*, the Public Sector Standards in Human Resources Management, the *Equal Opportunity Act 1984* and the *Occupational Safety and Health Act 1984*.

#### Graduate Development Program

The **Graduate Development Program** provides graduates with an opportunity to practically apply their education and skills in a key sector of Western Australia's economy.

Graduates undertake a structured program that provides them with:

- placement in a range of areas within the Office working on a number of interesting and significant projects;
- training to further develop their skills; and
- mentoring to support them through the development program.

Upon successful completion of the development year and achievement of a high level of performance, graduates may be offered permanent employment with the Office.

During January 2008, the Office appointed four Graduate Development Officers, bringing the total to eleven since the program commenced in 2005.

#### Payroll systems

The Office pays for payroll services from the Department of Treasury and Finance under a Service Level Agreement.

#### Staff development

The Office has a commitment to professional development for its employees. The Office aims to build a highly skilled, professional and ethical workforce with the ability to adapt to changing business, technology and environmental needs.

During the year, the Office's training and development programs concentrated on business systems, Human Resource Standards, recruitment, advertising methods and appropriate skills based courses.

## GOAL 5: GOVERNANCE & PUBLIC SECTOR IMPROVEMENT

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### Performance management

The Office of Energy's Management for Performance Policy was redeveloped in October 2007. Management for Performance is a framework within which managers and staff define individual performance objectives, the activities required to deliver them and the means by which they will be measured. Management for Performance demonstrates the link between staff activities and organisational goals, Government goals and Public Sector Standards.

### Industrial relations

The Office's staff are employed under the provisions of the *Public Sector Management Act 1994* and employment conditions for staff are provided by the *Public Service Award 1992* and the *Public Service General Agreement 2006*. There were no industrial relations issues during the 2007/08 financial year.

### Evaluations

Two formal evaluations of operations were undertaken under Section 7(e) of the *Public Sector Management Act 1994* during the reporting year.

The Coordinator of Energy initiated a review of workload assessment of the Office, with a view to identifying areas where adjustments to resourcing levels might be required. The project included a review of organisational structure, current performance and current practices, processes and outputs of the Office. It also took into consideration workload assessments, productivity measurements, controls, management procedures, organisational structures, rules, job descriptions, organisational values and culture.

The outcomes to be achieved by the review are to be refined in the next reporting year.

The Office also undertook an evaluation of the existing performance of current information published in budget statements, strategic plan and annual report, to determine which information should be retained. The evaluation aimed to identify alternative sources of useful performance indicators. Outcomes of the evaluation will be reported in the next financial year.

### Information statement

The Office has a Freedom of Information Statement prepared in accordance with the *Freedom of Information Act 1992* which is available from the Office website. The statement outlines the functions of the Office, the kind of documents held and how those documents can be accessed. Five Freedom of Information applications were received during the year. Two were referred in full to more appropriate agencies and one was partially transferred.

### Public interest disclosures

The Office received no public interest disclosure applications during the reporting year. Details of the Office's public interest disclosure procedures are available from the Office's website.

### Insurance paid to indemnify a Director against liability

The Office has cover provided by RiskCover to indemnify the agency for all sums (including legal costs) which the agency is legally liable to pay in respect to Professional Liability. Professional Liability covers claims made against the agency for errors or omissions in the rendering of or failure to render professional advice or services by the Agency. Under RiskCover, a specific limitation of the cover is the personal liability of directors or officers imposed under the *Statutory Corporations (Liability of Directors) Act 1996*.

## GOAL 5: GOVERNANCE & PUBLIC SECTOR IMPROVEMENT

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### Compliance with Public Sector Standards and Ethical Codes

#### Human Resource Management Standards

The Office operates in accordance with the Public Sector Standards and is revising and developing appropriate internal human resource management policies on an ongoing basis to be consistent with the Standards.

All staff are required to comply with these policies which are accessible to all staff through the Office's intranet.

There were no Breach of Standards claims lodged in 2007/08. Internal checks by the Office and the Department of Treasury and Finance have shown that compliance with the standards or processes are achieved before the final decision, ensuring a high level of compliance with the standards.

#### Codes of Ethics and Codes of Conduct

The Office complies with the Public Sector Code of Ethics and has its own Code of Conduct.

The Code addresses issues including personal behaviour, appropriate use of equipment and resources, occupational safety and health, conflicts of interest, communication, grievances/complaints, reporting a breach of the Code and improper conduct/misconduct.

The Code of Ethics and Code of Conduct are available to all staff on the Office's Intranet. No internal grievances were lodged relating to the non-compliance with the ethical codes. There were no complaints received from external authorities.

#### Corruption prevention

The Office is committed to creating and maintaining a work environment that supports ethical behaviours, that actively discourage potentially corrupt acts and deals promptly and fairly with instances of misconduct.

#### Record keeping

A Record Keeping Plan, developed in accordance with the *State Records Act 2000*, specifies how records are created, managed and maintained over time and includes procedures for disposal of records. During the year, the Office:

- upgraded the Electronic Document/Records Management System (TRIM) to version 6 and implemented scanning of hard copy correspondence and capture of electronic mail to the TRIM system;
- held training sessions in document management including editing, revisions and version control. Sessions were conducted by external consultants for business divisions and further training sessions are planned during 2008;
- updated the Retention & Disposal Schedule (previously approved in 2003) and submitted this to the State Records Office; and
- continued to update business processes throughout the organisation in order to reflect changes arising from the electronic document management system application

The Record Keeping Plan (previously approved in 2003) is now due for update and will be submitted to the State Records Office in late 2008.

## GOAL 5: GOVERNANCE & PUBLIC SECTOR IMPROVEMENT

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### Advertising and sponsorship

Advertising and sponsorship for the Office is largely carried out by the SEDO.

In accordance with section 175ZE of the *Electoral Act 1907*, the Office incurred the following expenditure in advertising, market research, polling, direct mail and media advertising.

Total expenditure was **\$340,242.38**.

### Advertising

#### Advertising agencies

303 Advertising Pty Ltd \$67,773.63

Marketforce Express \$7,143.46

#### Market research organisations

Nil

#### Polling organisations

Nil

#### Direct mail organisations

Nil

#### Media advertising organisations

Marketforce Express (staff vacancies only) \$25,470.00

Media Decisions WA \$203,083.29

Sensis \$36,772.00

### Sponsorships

- Sustainable Energy Expo
- WA Environment Awards
- Sustainable House Day
- Nuts and Bolts Goes Green
- Perth Sun Fair
- Master Builders Excellence in Construction Awards
- Housing Industry GreenSmart Awards
- Building Designers Association of Western Australia Awards
- Property Council of Australia, Western Australia seminars.

### Disability Access and Inclusion Plan

Complying with the *Disability Services Act 1993*, the Office developed its *Disability Access and Inclusion Plan 2007-10* (the Plan). It was authorised in July 2007.

The Office is committed to ensuring that people with disabilities, their families and carers are able to fully access the Office's services and facilities (both in-house and contracted), providing them with the same opportunities, rights and responsibilities, enjoyed by all people in the community.

During the year, the Office continued to work to ensure that access and inclusion outcomes were met by:

## GOAL 5: GOVERNANCE & PUBLIC SECTOR IMPROVEMENT

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- incorporating the objectives of disability access and inclusion into the Office's strategic business planning, budgeting processes and relevant policies where appropriate;
- ensuring all office accommodation – especially client contact and reception areas – are physically accessible to people with disabilities where possible;
- continuing to develop and maintain the Office's website to improve readability of information for people with disabilities;
- making the Plan available on the public website;
- ensuring all Office publications are written appropriately for the target audience (including people with language barriers) and are available in other formats on request for people with disabilities; and
- informing staff of their role in supporting the objectives of the Plan and making the Plan available on the Intranet.

### Substantive equality

The Office continues to apply the principles of equal employment opportunity through its *Equal Employment Opportunity Management Plan 2007-10*. The Office works to ensure substantive equality outcomes are achieved in employment. As at 30 June 2008, the actual percentage representation at the Office was as follows:

- Women in management – 38%
- People from culturally diverse backgrounds – 21.2%
- Indigenous Australian – 0%
- People with disabilities – 22.2%
- Youth – 5.8%

During 2007/08, the Office's *Equal Employment Opportunity Management Plan 2007-10* was developed to address both business and legislative requirements. The *Disability Access and Inclusion Plan 2007-10* has tangible substantive equality outcomes and the Office's new *Reconciliation Action Plan* will address issues of Indigenous employment.

### Reconciliation

The Office developed a Reconciliation Action Plan (the Plan) during 2007/08. This Plan has been submitted to the Department of Indigenous Affairs and Reconciliation Australia for approval.

In developing the Plan, the Office consulted with staff via a working group. The Plan aims to embrace reconciliation by promoting equality, mutual respect and understanding between Indigenous and non-Indigenous Australians.

With the implementation of the Plan, the Office has identified steps that it will take to build relationships with, show respect to and offer opportunities to Indigenous Australians in the course of its operations. Progress of these actions will be monitored and reviewed regularly by the Reconciliation Action Plan Working Group.

### Sustainability

The Office's vision is for '...reliable, sustainable and competitively priced energy services for the benefit of all Western Australians.' As such, the Office employs the principles of sustainability where possible.

## GOAL 5: GOVERNANCE & PUBLIC SECTOR IMPROVEMENT

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The Office's Sustainability Committee, in consultation with Office staff, have successfully completed the actions from the *Sustainability Action Plan 2005/07* (the Plan). There were a number of key outcomes from the Plan including the completion of the Office's *Green Transport Plan* and the off-setting of 784 tonnes of carbon emissions by planting 3,797 native trees through the *Carbon Neutral* program.

The Sustainability Committee is continuing to address sustainability within the Office through the development of the *Sustainability Action Plan 2008/10*.

### Workers' Compensation & Occupational Safety and Health

The Office aims to provide a safe and secure working environment for employees.

The Office has a history of very low or no recorded injuries. If an injury does occur, the Office complies with the *Workers' Compensation and Injury Management Act 1981*.

There were no workers' compensation claims registered during the year.

- Number of fatalities - 0
- Number of lost time injury/diseases incidence rate - 0
- Lost time injury severity rate - 0

An employee assistance program provider is available to staff to access confidential counselling services, including services for their immediate family, if required.

Emergency contact information posters that include information from other co-located agencies are updated regularly. Training in emergency procedures, including building evacuation and office health training, was undertaken regularly during the reporting period.

The Occupational Safety and Health Committee, which has representation from each Division, meets every two months. Employees are encouraged to report safety and health matters to their divisional committee representative for discussion at the meetings. The Committee reports directly to the Corporate Executive through the Committee Chair.

### Complaints and feedback management

The Office is committed to providing high quality customer service. The Client Feedback System assists the Office to maintain high service standards as outlined in the Customer Service Charter.

Complaints are dealt with according to the Complaints Handling Procedure. All staff are aware of the procedure and it is available on the Office Intranet. The Office aims to respond to any suggestions for improvement or complaints within five working days. Office staff strive to find an appropriate remedy in that satisfies the client with a detailed description of why the answer was given.

The Office's website has a dedicated feedback page detailing the client feedback process. Complaints, compliments and suggestions can be made to the Office via the website, in writing, by phone or in person.

Compliments received about Office staff are referred up the Management chain and may be included on that persons personal file.