

EQ

ENERGY QUARTERLY | ISSUE 1 | 2011



Future Energy Alliance promotes energy conservation

International award nomination
Reducing risks in bushfire season
Annual outlook highlights achievements

Western Power recognised with international award nomination

Western Power was one of four finalists selected out of 200 companies world wide for the International Quality and Productivity Centre (IQPC) Best Green Project Award.

This is the first time a Western Australian business has been nominated for the award; the other finalists are based in the United States and United Arab Emirates.

The nomination was for our *Reverse Logistic Business Project*, which focused on smarter management of the material used to maintain our network.

“We recognised if we turned our attention to our procurement and delivery processes, we could reduce our environmental impact and promote some innovative sustainable work practices,” said Rob Toms, Program Manager.

“The project was about making sure we were smarter with the return, refurbishment, reuse and disposal of our materials. We knew this shift in thinking could bring environmental and financial returns,” said Rosh Rao, Project Lead.

“This was about putting in place processes to ensure we recycled what could be recycled, we used what could be re-used and we salvaged what was salvageable,” he added.

The *Reverse Logistic Business Project* was undertaken as part of our Operational Excellence Program, which is working across the business to improve productivity, cost efficiency and commerciality by combining best practice expertise and experience with business knowledge to achieve long term value.

The IQPC is an international forum that aims to encourage businesses to continually improve how they operate and recognise excellent performance.

9 out of 10

WA homes have an air conditioner, up from 5 out of 10 a decade ago

95%

rise in peak demand, driven by air conditioners, in the last 15 years



Reducing risks in bushfire season

With more than 7,000 bushfires occurring each year in WA, bushfire response and mitigation is a high priority for Western Power.

Each year a *Bushfire Management Plan* is prepared, “The plan contributes to a best practice approach for planning and operational aspects of the business,” said Ankur Maheswari, Branch Manager Network Performance.

Following one of the driest winters on record last year, our focus remains on the delivery of safe and reliable power to our customers during the bushfire season.

Bushfire initiatives being undertaken during 2010/11 include:

- silicone coating 11,000 pole tops to mitigate the risk of pole top fires
- enhancing the inspection process of wood poles by assessing their serviceability based on strength and load
- trialling new techniques for undergrounding power to improve public safety and reliability
- the use of emergency helicopters to patrol our assets

Field crews continue to concentrate on asset reinforcement and replacement in high and extreme fire risk zones with ongoing rigorous inspection and clearing of vegetation from around poles.

Extra funding approved for vital work

The State Government recently approved significant additional funding for Western Power to continue important work that will improve the safety and reliability of the network and meet our regulatory obligations.

In total more than \$400 million was approved for works including:

- power pole replacement and reinforcement programs
- bushfire mitigation work
- maintenance programs in high and extreme fire danger areas including the replacement of 444 kilometres of overhead conductors

Sharing our success with stakeholders

We recently held our inaugural Annual Outlook event for industry and government stakeholders outlining our future plans and reflecting on the successes and challenges of the past year.

Board Chairman Mark Barnaba said the organisation had achieved a succession of better than expected business results including an improvement in meeting customer expectations.

“Western Power exceeded business targets, delivered greater cost efficiencies, and received an 82 per cent favourable response from customers in a recent survey on Western Power’s service.

“These achievements form a strong basis on which we will develop the business to meet the changing expectations of energy users who want greater sustainability in the sector.

“We are investing in a grid for the future that will be better able to accommodate the significant increase in residential solar panels, the expected increase in electric vehicles and the need for consumers to be able to monitor and control their energy use with greater information,” Mr Barnaba said.

“It was also gratifying to have our progress in business improvement recognised externally,” he said.

This year General Manager System Management, Ken Brown was named the 2010 National Professional Electrical Engineer

of the Year and Branch Manager Operational Excellence, Robert Toms, was named the Process Improvement Manager of the Year at the 2010 International Quality and Productivity Centre (IQPC) Excellence Awards.

“Mr Toms was recognised for his role in Western Power exceeding its cost saving targets and delivering \$43 million in savings and efficiencies across the business,” Mr Barnaba said.

Speaking at the event, the Minister for Energy, Hon Peter Collier MLC said he was pleased to see the significant progress Western Power had made in the past year.

The Minister said he had seen positive results in the areas of cost efficiency and customer service along with a continued focus on safety and reliability. “I wanted to see outcomes - positive outcomes, in those three particular areas. And I’ve been delighted with their response thus far.”

Managing Director Doug Aberle said Western Power continued to streamline processes and refine the way we conduct our business to improve service to customers.

“I am pleased with the steps the business is taking - particularly improvements in meeting customer expectations as well as delivering greater financial efficiency.”

“Western Power has invested more than a billion dollars upgrading, expanding and maintaining the network in the past year and 100 per cent of our major works projects were delivered within budget.



Mark Barnaba said Western Power exceeded targets in 2009/10.

“An impressive 99.2 per cent of our major projects were delivered on or ahead of schedule. These results are significant achievements in themselves and more so in view of the demanding environment in which Western Power operates,” he said.

Highlights for 2010 included:

targets for minimising average duration of power interruptions exceeded

all projects in preparation for the summer peak demand completed

pole replacement target met, replacing 10,608 poles

two new substations built in Wangara and Joondalup

70 km powerlines undergrounded

15,043 new customers connected

37 community contact sessions held

\$40-\$60M

invested by Western Power each year to meet growing peak demand (the point when demand for electricity on the system is at its highest)

Global news

Electricity distribution a growth industry in 2011

Business information analyst IBISWorld has forecast a growth of 9.3 per cent (\$3.6 billion) in 2011 in the electricity distribution industry. "We expect electricity prices will continue to increase due to strong investment in electricity generation and distribution networks, growth in more expensive renewable energy and increased production of electricity from gas-fired power stations," said IBISWorld Australian General Manager Robert Bryant.

(source: news.com, 10 Jan)

Empire State Building to use 100% renewable power

New York's Empire State Building has become the city's largest commercial purchaser of 100 per cent renewable energy. The 2.85 million square-foot office building is expected to require about 55 million kilowatt-hours of renewable energy each year, which will avoid nearly 100 million pounds of carbon dioxide emission each year compared to fossil fuel power.

(source: brighterenergy.org)

GM doubles battery performance

General Motors Co. is licensing technology that promises to cut in half the size of batteries, potentially reducing the cost of electric vehicles or extending their range. "The Argonne National Laboratory technology that GM has licensed will improve the energy density of lithium-ion cells and that moves us closer to what we need to be competitive with gasoline as a fuel," said president of GM Ventures, Jon Lacuckner.

(source: The Wall Street Journal; 6 Jan)

Future Energy Alliance

This month the first of a series of *Switch the Future* energy efficiency campaigns was released and will run under the banner of the *Future Energy Alliance*. The campaign aims to build public awareness and stimulate behavioural change for improved energy efficiency and reduced consumption.

The Minister for Energy launched the *Future Energy Alliance* late last year as a long-term, high-profile campaign to be jointly developed by Western Power and Synergy.

The campaign seeks to instil in Western Australians a better appreciation of the need to conserve energy with messages centred around how action will limit damage to the environment, reduce the cost of building more peak demand infrastructure and save consumers money on their power bills.

Western Power Managing Director Doug Aberle said, "As has occurred with the successful *Waterwise* campaign, we hope the *Future Energy Alliance* will build widespread community awareness and create behavioural change that results in reduced energy consumption to within sustainable limits.

Annual Planning Report

Western Power has released the *2010/11 Annual Planning Report*.

The report outlines network development plans that have been prepared in response to forecast electricity demand growth from existing and prospective customers and expected generation requirements.

The report is available from westernpower.com.au/apr



People

NBN Program Manager

Ross Davies has been appointed to manage Western Power's relationship with the National Broadband Network Company (NBN Co.). With assets that can support the rollout of fibre optic cable, Western Power has an important role to play in the delivery of high speed broadband. Ross will assist in establishing the commercial and contractual framework, and coordinating the new work practices, procedures and standards required to work with NBN Co. contractors.

Manager Corporate Affairs

Tim Bray leads a team that focuses on Western Power's external relationships. Working closely with Government, our stakeholders and the media, the Corporate Affairs team is responsible for developing policy and whole of business positions that represent the business's strategic interests in the context of our customers' needs.



Sustainability Manager

Louise Avon-Smith is responsible for building the capability of the business to incorporate sustainability into business cases and improving the reporting of material sustainability issues. Louise has had a variety of leadership roles with the CCI and RAC, where she was Sustainability Manager.



Events

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| 22 - 23 February 2011 | IQPC Solar Power Australia
- Melbourne |
| 20 February - 4 March 2011 | The Australian Power Institute Summer School
- Hunter Valley |
| 23 - 26 March 2011 | Energising South East Asia
- Perth |



This information is available in alternative formats and languages on request.

westernpower.com.au