

Attachment

Proposed amendments to ***the Electricity Industry (Metering) Code 2012***

Horizon Power provides the following comment regarding the proposed changes to the Electricity Industry (Metering) Code 2012: [FB7 XAB/n](#)

Clause 1.3 - gAa) - f e n A

%EBS=HLH (3A8 5H 3@D03< 3-BH A073H 7>:3B/:3B:3109 00 (/A 30Y-2H
\$DBC< 3AH/A=B4AH

\$/DB3HlfZH " ??;9/0=>40BH%EBS=HLH

The clause specifically excludes all networks other than the South West Interconnected Network (SWIN), which it always has. However, given the Pilbara Network becomes subject to open access on the 1 July 2021, then this clause should be reviewed to enable the customer transfer provisions it contains to be a regulatory obligation of Horizon Power.

If Energy Policy WA's concern regarded the ability of Horizon Power to comply with this requirement, then that should not stand in the way of making this clause for all covered networks because Horizon Power can comply now.

\$/DB3Hlf! " H # 828310=>/;H/?/0880BH=H=7/=132H0317=>:6G4B/DA3H

This Clause should be removed because the Bi-directional capability is standard in all new Australian National Measurement Institute *) 'H pattern approved meters.

\$/DB3H zH + F =3AB78 HB31DA0GH=2H670B0H113BBH2/C/H

Clause 4.8 (3) requires a network operator to allow a "User" under the Code to have local and remote access to the energy data held in its metering installation ...". This clause would require the Network Operator to allow other Users to have access to Corporate Metering Private Networks which is in conflict with Clause 3.8 "...a network operator must, for each metering installation on its network, ensure that the metering installation is secured by means of devices or methods which, to the standard of good electricity industry practice, hinder unauthorised access to the metering installation and enable unaccess to by a" aqin

QUESTION 1: THE EFFECTS OF A CHANGE IN THE PRICE OF A SUBSTITUTABLE INPUT

Consider a firm that produces output Q using two inputs, L and K . The production function is given by $Q = L^{0.5}K^{0.5}$. The firm's cost function is given by $C = wL + rK$, where w is the wage rate and r is the rental rate of capital. The firm's demand curve is given by $P = 10 - Q$. The firm's profit function is given by $\pi = PQ - C$. The firm's profit-maximizing output is given by $Q^* = 5$. The firm's profit-maximizing input levels are given by $L^* = 2.5$ and $K^* = 2.5$. The firm's profit-maximizing price is given by $P^* = 5$. The firm's profit-maximizing cost is given by $C^* = 12.5$. The firm's profit-maximizing profit is given by $\pi^* = 12.5$.

Suppose the wage rate w increases from 2 to 4. This will increase the firm's profit-maximizing output Q^* from 5 to approximately 6.7. This will increase the firm's profit-maximizing input level L^* from 2.5 to approximately 4.4. This will increase the firm's profit-maximizing input level K^* from 2.5 to approximately 3.3. This will increase the firm's profit-maximizing price P^* from 5 to approximately 3.3. This will increase the firm's profit-maximizing cost C^* from 12.5 to approximately 22.2. This will increase the firm's profit-maximizing profit π^* from 12.5 to approximately 11.1.