VERVE ENERGY

CAPITAL WORKS PROGRAM

The primary functions of Verve Energy are to generate and supply electricity in the South West Interconnected System (SWIS) region. It currently owns a portfolio of thermal generating stations and gas turbines utilising coal, gas, liquids and biomass as fuel sources as well as some wind farms and photovoltaic generating systems. In addition, Verve Energy has Power Purchase Agreements with a number of Independent Power Producers.

Fossil Fuel Plant Portfolio

During 2007-08 an allocation of $88.0 million has been made to support the achievement of efficiency, reliability and environmental targets. Expenditure at Muja Power Station totals $48.2 million, this includes $18.6 million for an upgrade of major control systems at Muja Stages C and D and $6.6 million for a boiler upgrade at Muja unit 7. Cockburn Power Station has been allocated $13.6 million primarily for purchases of capital spares for a major outage. A further $26.2 million has been allocated for various capital works across the remaining generation portfolio, including amounts of $8.8 million and $7.2 million at Kwinana Power Station and the Pinjar Gas Turbine Station respectively.

Sustainable Energy

An allocation of $0.5 million has been made to expand the wind-diesel generation capacity at Bremer Bay in order to meet anticipated growth in customer load forecasts. An additional amount of $0.8 million has been allocated for the modification of the wind-diesel system to enable it to operate whilst Bremer Bay is connected to the SWIS.

	Estimated Total Cost $'000	Estimated Expenditure to 30-6-07 $'000	Estimated Expenditure 2006-07 $'000	Estimated Expenditure 2007-08 $'000
WORKS IN PROGRESS				
Fossil Fuel Plant Portfolio - Generation - Thermal	364,891	120,868	108,353	87,978
Sustainable Energy	21,265	18,841	17,847	1,341
	386,156	139,709	126,200	89,319

CAPITAL CONTRIBUTION

	2005-06 Actual $'000	2006-07 Budget $'000	2006-07 Estimated Actual $'000	2007-08 Budget Estimate $'000	2008-09 Forward Estimate $'000	2009-10 Forward Estimate $'000	2010-11 Forward Estimate $'000
CAPITAL CONTRIBUTION TO MEET EQUITY NEEDS							
Total Cost of Capital Works Program	37,942	101,209	126,200	89,319	59,882	63,941	33,305
	37,942	101,209	126,200	89,319	59,882	63,941	33,305
LESS							
Borrowings	-	-	126,200	28,266	59,882	63,941	-
Internal Funds and Balances	37,942	101,209	-	61,053	-	-	33,305
Capital Contribution	-	-	-	-	-	-	-