



# **Electricity Licence Application Integrated Regional**

## **Alinta DEWAP Pty Ltd**

**For Publication**

**3 April 2014**

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## Applicant Details:

Applicant Details	
Name	Alinta DEWAP Pty Ltd
Registered Office (if a Corporation)	Level 11, 20 Bridge Street, Sydney, NSW, 2000
Principal Place of Business (if different from Registered Office)	as above

Contact Details	
Primary Contact Name	Catherine Rousch, Manager Regulatory Compliance
Mail Address	PO Box 8349 Perth BC WA 6849
Email	catherine.rousch@alintaenergy.com.au
Telephone	9486 3191
Mobile	0448 878 655
Fax	9226 4688

Company Structure	
ABN or ACN	ABN 78 058 070 689
Legal Nature of applicant	Australian proprietary company, limited by shares.
Place of Incorporation	Western Australia
Company Directors or Principals	Mr Jeff Dimery Mr David Goldsmith Mr Ken Woolley
Entity's Core business profile	Build, own and operate transmission and generation assets and sale of electricity in the Pilbara region of Western Australia.
Associated and/ or Controlled entities	Wholly owned subsidiary of Alinta Holdings ABN 52 148 012 471.

## Electricity Licences:

Classification of the Electricity Licence Application		
Type of Licence Application	Generation <input type="checkbox"/> Transmission <input type="checkbox"/> Distribution <input type="checkbox"/> Retail <input type="checkbox"/> Integrated Regional <input checked="" type="checkbox"/>	
For Generation and Integrated Regional Licences	Installed Capacity	175 megawatts (at 32°C)
For Transmission and Integrated Regional Licences	Transmission System Length	22 kilometres (approx)
For Distribution and Integrated Regional Licences	Distribution System Length	0 kilometres
For Retail and Integrated Regional Licences	Number of large use customers	3
For Retail and Integrated Regional Licences	Number of small use customers	0

## Summary Description of Licence Activity:

Corporate Structure	
Brief description of the applicant's structure and key organisational relationships	Alinta DEWAP Pty Ltd ( <b>Alinta DEWAP</b> ) is an Australian propriety company, limited by shares. The entity is a wholly owned subsidiary of the Alinta Energy group of companies, the holding company of which is Alinta Holdings.
Services/service model	
Brief description of service(s) or service model intended	Alinta DEWAP will be fully supported by Alinta Energy and will be able to draw on its established resources, systems and processes, in particular its experience as an owner and operator of electricity transmission infrastructure and power stations in Western Australia.
Service infrastructure/works	
Brief description of service infrastructure/works	Alinta DEWAP owns and operates the Port Hedland Power Station, which supplies electricity via approximately 22 kilometres of 66kV power transmission line to three major customers in the Pilbara region.
Other regulatory approvals	
Provide summary information on status of other essential regulatory approvals required	Port Hedland Power Station and its related transmission assets were previously administered under the <i>Pilbara Energy Project Agreement Act 1994 (PEPA)</i> . This arrangement was terminated by mutual agreement on 25 March 2014. Alinta DEWAP therefore seeks to operate its existing assets at Port Hedland under an integrated regional licence administered by the Economic Regulation Authority ( <b>ERA</b> ).

**Areas to be covered by the licence**

Designated area of the licence application	
Electricity licence Area(s) and/or address to be covered by this licence.	Licence Area name: Pilbara region Address/location: Port Hedland Power Station
Gas Supply Area(s) to be covered by this licence	1 Kimberley <input type="checkbox"/> 2 Pilbara <input type="checkbox"/> 3 Gascoyne <input type="checkbox"/> 4 Mid-West <input type="checkbox"/> 5 Wheatbelt <input type="checkbox"/> 6 Goldfields-Esperance <input type="checkbox"/> 7 Great Southern <input type="checkbox"/> 8 Coastal <input type="checkbox"/>
Water Services Operating Area(s) and/or address to be covered by this licence.	Operating Area name: _____ Address/location: _____

**Certification – Acknowledgement of Commitment**

I declare that the information provided in this application is correct to the best of my knowledge and I am aware of the requirements under the Act for the licence being applied for and that I have the authority to make this application on behalf of the above entity.

Signed by or on behalf of the applicant.

Name: .....

Position: .....

Signed: .....

Date: .....

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## Acronyms

<b>AER</b>	Australian Energy Regulator
<b>ASIC</b>	Australian Securities and Investments Commission
<b>CFO</b>	Chief Financial Officer
<b>ERA</b>	Economic Regulation Authority
<b>ESC</b>	Essential Services Commission
<b>ESCOSA</b>	Essential Services Commission of South Australia
<b>NWIS</b>	North West Integrated System
<b>PEPA</b>	<i>Pilbara Energy Project Agreement Act 1994</i>
<b>PTL</b>	Power Transmission Line

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## 1 Application summary

### 1.1 Organisational structure

Alinta DEWAP Pty Ltd (ABN 78 058 070 689) (**Alinta DEWAP**) is the applicant for this Integrated Regional Electricity Licence.

Alinta DEWAP is an Australian propriety company, limited by shares. The entity is a wholly owned subsidiary of Alinta Holdings. In this application, a reference to “**Alinta Energy**” is a reference to Alinta Holdings and each of its subsidiaries.

### 1.2 Service model

Alinta DEWAP is fully supported by Alinta Energy and is able to draw on established resources, systems and processes from across the group of associated companies. This includes drawing on Alinta Energy’s experience as an owner and operator of electricity transmission infrastructure and power stations in Port Hedland, Newman, Pinjarra and Wagerup in Western Australia.

### 1.3 Infrastructure

#### 1.3.1 Generation infrastructure

Alinta DEWAP owns and operates the 175 MW Port Hedland Power Station, which consists of five GE Frame 6B gas turbines (35MW at 32°C) for a total capacity of 175MW at 32°C. Three units are located at a standalone facility at Port Hedland and two units are located at Boodarie. The units are connected by a 66kV Power Transmission Line (**PTL**).

The units are operated from a central control point, allowing them to operate as an integrated plant.

The Port Hedland Power Station is connected to the North West Interconnected System (**NWIS**).

#### 1.3.2 Transmission infrastructure

Alinta DEWAP owns and operates approximately 22 kilometres of 66kV PTL which delivers electricity from the Port Hedland Power Station switchyard to customers in the Pilbara region.

The generation and transmission assets are located within the Pilbara region of Western Australia, specifically in the town of Port Hedland.

### 1.4 Regulatory approvals and stakeholder engagement

The Port Hedland Power Station and its related PTL were previously administered under the *Pilbara Energy Project Agreement Act 1994* (**PEPA**). This arrangement was terminated by mutual agreement on 25 March 2014. Alinta DEWAP therefore seeks to operate its existing assets at Port Hedland under an Integrated Regional Licence administered by the Economic Regulation Authority (**ERA**).



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## 2 Corporate information

### 2.1 Corporate arrangements

Information concerning Alinta DEWAP's corporate arrangements can be found in Table 1.

**Table 1: Corporate information**

Identity of the applicant:	Alinta DEWAP Pty Ltd ACN 058 070 689 ABN 78 058 070 689
Address of the applicant:	Level 11 20 Bridge Street Sydney NSW 2000
Primary contact details of the applicant:	Catherine Rousch Manager Regulatory Compliance (08) 9486 3191 catherine.rousch@alintaenergy.com.au
Company structure:	Australian proprietary company, limited by shares.
Company directors:	Mr Jeff Dimery Mr David Goldsmith Mr Ken Woolley
Declaration:	The company directors declare they have not been disqualified under the <i>Corporations Act 2001</i> from managing corporations.
Entity's profile:	Founded: 24 November 1992. Employees: Nil (at present). Core activities: Build, own and operate transmission and generation assets and sale of electricity in the Pilbara region of Western Australia.
Associated entities:	A complete list of associated entities appears in Alinta Holding's 2013 Consolidated Annual Financial Report.
Control by associated entities:	Wholly owned subsidiary of Alinta Holdings.

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## 2.2 The applicant

Alinta DEWAP is registered under the *Corporations Act 2001* as a propriety company limited by shares.

Alinta DEWAP was established to implement Alinta Energy's electricity generation and transmission strategy in respect of electricity generated at the Port Hedland Power Station.

Whilst at this time Alinta DEWAP does not have any employees, Alinta DEWAP is fully supported by Alinta Energy and is able to draw on established resources, systems and processes in place across the group. This includes drawing on Alinta Energy's experience as an owner and operator of electricity infrastructure associated with its power stations in Port Hedland, Newman, Pinjarra and Wagerup in Western Australia.

## 2.3 Directors

The directors of Alinta DEWAP are Mr Jeff Dimery, Mr David Goldsmith and Mr Ken Woolley, who are respectively the Chief Executive Officer, the Chief Financial Officer and the Executive Director Power Generation, of Alinta Energy.

### Jeff Dimery

Jeff Dimery is Alinta Energy's Chief Executive Officer. Mr Dimery has more than 20 years' experience in the energy and water resources industries most recently with AGL where he worked in several senior positions over 15 years.

Prior to joining Alinta Energy, Mr Dimery was responsible for leading AGL's Merchant Energy business, comprising four divisions generating earnings of more than \$500 million. Mr Dimery also held other senior roles at AGL including GM Wholesale Energy and Project Director of Project Energise, an organisational redesign program that delivered \$50 million per annum cost savings to AGL.

### David Goldsmith

David Goldsmith is Alinta Energy's Chief Financial Officer (**CFO**). Mr Goldsmith was formerly the CFO of Goodman Fielder, a position he held for 3 years. Before joining Goodman Fielder Mr Goldsmith enjoyed an 11 year career with Wesfarmers where he held several senior positions including CFO of the Insurance Division and Finance Director for the Industrial and Safety Division and the Landmark Rural Services Division, CFO Wesfarmers Landmark and General Manager Accounting and Information Systems, Wesfarmers Dalgety. Prior to joining Wesfarmers Mr Goldsmith spent 20 years with Tubemakers of Australia.

### Ken Woolley

Ken Woolley is Alinta Energy's Executive Director Power Generation. Prior to joining Alinta Energy Mr Woolley was the General Manager Power Development at AGL, with whom he had been employed for 7 years.

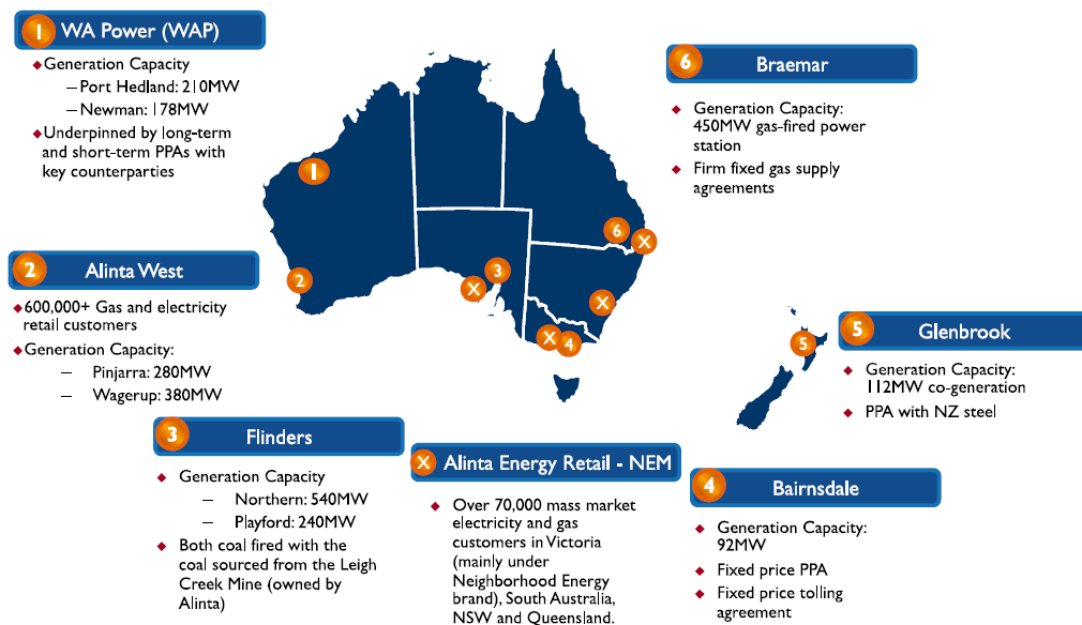
Mr Woolley was responsible for the leadership of AGL's power development function, which included the development, construction and commercialisation of six utility scale wind farms and one hydro-generation power project. Whilst at AGL, and prior to Mr Woolley's appointment to General Manager Power Development, he was responsible for the management and operation of AGL's power generation fleet. During his 20 years of power

generation sector experience he has played significant roles in the development and delivery of significant power projects both in Australia and Indonesia.

## 2.4 Alinta Energy

Alinta Energy is a vertically integrated group comprising nine power generation assets across Australia and New Zealand and providing gas and electricity to retail and commercial and industrial customers in Western Australia and on the east coast of Australia. Alinta Energy's portfolio comprises over 2,500 MW of installed capacity and more than 720,000 retail customers. An overview of Alinta Energy's portfolio can be found in Figure 1.

**Figure 1: Alinta Energy portfolio**



In March 2011, Alinta Energy was recapitalised under a new ownership structure led by TPG, a US private equity firm. With over \$54 billion of assets under management, TPG, through a restructuring of the balance sheet, is enabling Alinta Energy to deliver on its strategy of growing its business through energy retailing, power generation and infrastructure development. Alinta Energy's underlying business strategy is focused upon growth through the proactive management of its existing portfolio and through the construction and acquisition of additional power generation assets, related infrastructure and associated businesses.

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### **3 Project information**

#### **3.1 Licence application**

The purpose of this Integrated Regional Licence application is to licence existing assets and operations at Port Hedland which were previously administered under the PEPA. These assets are described in detail below.

#### **3.2 Port Hedland Power Station**

Alinta DEWAP owns and operates the Port Hedland Power Station.

The Port Hedland Power Station supplies power to major customers in the Pilbara region.

The remaining economic life of the power station is in excess of 20 years.

##### **3.2.1 Current operations**

Port Hedland Power Station was commissioned in 1995. Port Hedland Power Station comprises five dual fuel GE Frame 6B open cycle gas turbines with a full capacity of 175MW at 32°C (Port Hedland site conditions). Three units are located at Port Hedland and two units are located at Boodarie. The units are connected by a 66kV PTL and are operated from a central control point, allowing them to operate as an integrated plant.

The Port Hedland Power Station site has a full complement of staff including a Regional Manager, operations and maintenance technicians and administration staff. The power station has the capability to be remotely operated and is configured to be an “un-manned station” outside normal work hours (07:00 - 18:00 seven day a week). Remote operation is achieved via dial in and a configured laptop allows the duty operator to respond to alarms and condition changes without having to attend the site.

#### **3.3 Transmission Assets**

The Transmission Assets include 22 km of PTLs.

The PTLs are managed by the personnel at Port Hedland Power Station.

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## 4 Financial information

### 4.1 Financial arrangements

Alinta Energy's financial resources support all of Alinta DEWAP's obligations, including power station and transmission line operation and maintenance.

### 4.2 Credit rating

In July 2013, Alinta Energy obtained a credit rating from Moody's Investors Service (**Moody's**) and from Standard & Poor's Ratings Services (**S&P**).

Moody's assigned a provisional B1 rating to Alinta Energy Finance Pty Ltd, the ultimate holding company of Alinta DEWAP, and a provisional Corporate Family Rating of provisional B1 to the parent entity, Alinta Holdings.

S&P assigned a B+ long-term issuer credit rating to Alinta Energy Finance Pty Ltd.

### 4.3 Contractual arrangements

Alinta DEWAP is supported by Alinta Energy and is able to draw on established resources, systems and processes in place across the group of associated companies. This includes drawing on Alinta Energy's experience as an owner and operator of electricity transmission infrastructure associated with its power stations in Port Hedland, Newman, Pinjarra and Wagerup in Western Australia.

### 4.4 Internal Policies

As a wholly owned subsidiary of Alinta Holdings, Alinta DEWAP can draw on established resources, systems and processes in place across the group of associated companies.

#### 4.4.1 Compliance and risk policies

Alinta Energy achieves compliance with its legislated and licence obligations through the application of policies, processes and systems. Alinta Energy's compliance and risk management systems are underpinned by a Compliance Policy and a Risk Management Policy approved by the Board.

Alinta Energy's Enterprise Risk Management Framework has been developed in accordance with leading industry risk management standards.

#### 4.4.2 Internal audit plan

Alinta Energy's 2012/13 Internal Audit Plan has been developed with consideration of the material risks to the Alinta Energy business. Projects identified in the Audit Plan focus on the processes and functional areas that Alinta Energy relies on to conduct its key business activities.

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#### 4.5 Business activities

The intended project is to licence existing assets at Port Hedland which were previously administered under the PEPA.

#### 4.6 Term of licence

The proposed term of the licence is 30 years.

### 5 Technical information

#### 5.1 Environmental approvals

As the intended project is to licence existing assets and operations at Port Hedland, no new environmental approvals are required.

#### 5.2 Key personnel

The following personnel have responsibility for operations at Port Hedland.

##### **Alan Steer**

Alan Steer is Alinta Energy's newly appointed Plant Manager at Port Hedland Power Station. Mr Steer is responsible for managing and operating the power station and has extensive local knowledge, having lived and worked in the Pilbara region for over 30 years.

Mr Steer is a certified electrician. Prior to joining Alinta Energy Mr Steer supervised and managed 'shut down' crews for the Monadelphous Group, specifically working at the BHPB Port at Nelson Point and Finucane Island Facilities Project. In addition, Alan has supervised Bains Harding Industries offshore oil drilling projects located in the North West Shelf region of Western Australia.

#### 5.3 Relevant licences

Alinta Energy holds a number of licences in various jurisdictions within Australia. Details of these are listed in the table below.

**Table 2: Alinta Energy licences**

<b>Jurisdiction</b>	<b>Licence type</b>	<b>Regulatory authority</b>	<b>Licence details</b>	<b>Entity</b>
WA	Electricity Integrated Regional	ERA	Electricity Integrated Regional Licence EIRL6	Alinta Energy Transmission (Roy Hill) Pty Ltd
WA	Generation	ERA	Electricity Generation Licence EGL6	Alinta Cogeneration (Wagerup) Pty Ltd
WA	Generation	ERA	Electricity Generation Licence EGL10	Alinta Cogeneration (Pinjarra) Pty Ltd
WA	Retail	ERA	Electricity Retail Licence ERL6	Alinta Sales Pty Ltd
WA	Retail	ERA	Gas Trading Licence GTL9	Alinta Sales Pty Ltd
Qld	Generation	Queensland Government	Generation Authority No. 03/04	Braemar Power Project Pty Ltd
Qld	Retail	Queensland Government	Retail Authority No. R01/12 (electricity)	Alinta Energy Retail Sales Pty Ltd
Qld	Retail	Queensland Government	General Retail Authority No. RA -G-007 (gas)	Alinta Energy Retail Sales Pty Ltd
SA	Generation	Essential Services Commission of South Australia (ESCOSA)	Generation Licence (Port Augusta Power Stations)	Flinders Power Holdings GmbH, Flinders Labuan (No 1) Limited, Flinders Labuan (No 2) Limited and Flinders Operating Services Pty Ltd
SA / ACT	Retail	Australian Energy Regulator (AER)	Authorisation - Electricity	Alinta Energy Retail Sales Pty Ltd
SA / ACT	Retail	AER	Authorisation - Gas	Alinta Energy Retail Sales Pty Ltd
Vic	Generation	Essential Services	Electricity Generation	

		Commission (ESC)	Licence	Alinta DEBO Pty Ltd
Vic	Retail	ESC	Electricity Retail Licence	Alinta Energy Retail Sales Pty Limited
Vic	Retail	ESC	Gas Retail Licence	Alinta Energy Retail Sales Pty Limited
Vic	Retail	ESC	Electricity Retail Licence	Neighbourhood Energy Pty Limited

#### 5.4 Staffing and resources

Alinta DEWAP is fully supported by Alinta Energy and is able to draw on resources from across the group.

#### 5.5 Asset management system

##### 5.5.1 Asset management framework

Alinta Energy's Asset Management Framework document specifies the requirements that enable Alinta Energy's asset management strategies, objectives and plans to be developed, documented, maintained and delivered. The Asset Management Framework explains what an asset management system is and why it is required and provides an understanding of the specific approach adopted by Alinta Energy with respect to the management of its assets. The Asset Management Framework has been aligned with the Publicly Available Specification PAS 55-1:2008 *Asset management - Specification for the optimized management of physical assets*.

##### 5.5.2 Maintenance and management

The Port Hedland Strategic Asset Management Plan has been developed by Alinta DEWAP in accordance with good engineering and operational practices.

Alinta DEWAP utilises Mincom Ellipse, a fully integrated enterprise asset management application suite, for the management of the Port Hedland Power Station and Transmission Assets including the scheduling of all planned maintenance.

#### 5.6 Licence compliance

Alinta Energy holds a number of electricity generation and energy retail licences in various jurisdictions within Australia, as described in Table 2. Compliance with licence obligations is monitored and enforced by Alinta Energy's regulatory team.

Alinta Energy is highly committed to regulatory compliance and has established an experienced regulatory team responsible for regulatory compliance and for implementing a culture of compliance across the Alinta Energy businesses.

Incidents, issues, near misses and breaches from across the business are recorded in Alinta Energy's Incident Management System.



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Alinta Energy undertakes audits and prepares compliance reports for regulators in all jurisdictions in which it operates.

## **6 Public interest information**

### **6.1 Environmental considerations**

The purpose of this integrated regional licence application is to licence existing assets at Port Hedland. As such, there will be no new construction or related land clearing.

### **6.2 Community service obligations**

Alinta DEWAP recognises the importance of protection of Aboriginal heritage and its responsibilities in respect of the *Aboriginal Heritage Act 1972* and *Native Title Act 1993*. Alinta DEWAP is committed to consulting with the relevant Aboriginal groups, particularly Native Title Claim groups, during any future changes and has an established landholder management team for this purpose.

### **6.3 Regional development**

Alinta DEWAP's Port Hedland operations support economic development in the Pilbara region, including local and regional employment opportunities and investment growth.