



# **Electricity Licence Application Integrated Regional**

## **Alinta Sales Pty Ltd**

**For Publication**

**12 May 2014**

---

## Contents

1	Application summary .....	3
1.1	Corporate information .....	3
1.2	The applicant.....	4
1.3	Organisational structure .....	4
1.4	Service model.....	5
1.5	Directors.....	5
2	Financial information .....	6
2.1	Current financial position .....	6
2.1.1	Financial reports.....	6
2.1.2	Credit rating .....	6
2.2	Financial policies .....	6
2.2.1	Auditing policies.....	6
2.2.2	Risk management policies.....	6
3	Technical information .....	7
3.1	Network access .....	7
3.2	Relevant experience.....	7
3.2.1	Prior experience .....	7
3.2.2	Relevant licences.....	7
3.3	Other equivalent licences .....	7
3.3.1	Licence particulars .....	7
3.3.2	Licence compliance .....	9
4	Public interest information .....	9
4.1	Public interest .....	9
4.2	Term of licence.....	9

## 1 Application summary

### 1.1 Corporate information

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

**Table 1: Corporate information**

Identity of the applicant:	Alinta Sales Pty Ltd trading as Alinta Energy ACN 089 531 984 ABN 92 089 531 984
Address of the applicant:	Level 13 1 William Street Sydney NSW 2000
Primary contact person:	Catherine Rousch Manager Regulatory Compliance
Company profile: <ul style="list-style-type: none"><li>- Date founded</li><li>- History</li><li>- Employee numbers</li><li>- Core activities</li></ul>	27 January 2000  Alinta Sales is Western Australia's largest natural gas retailer, supplying over 600,000 residential customers as well as to small businesses and major commercial and industrial loads. Alinta Sales also supplies electricity to large use customers (those consuming over 50 MWh per annum) in the South West Interconnected System ( <b>SWIS</b> ).  Nil. Alinta Sales staff are employed by Alinta Servco Pty Ltd.  The core activities under this licence will be to retail electricity to large use customers in the Pilbara region of Western Australia.
Company type and registration details:	Alinta Sales is an Australian proprietary company, limited by shares.
Associated entities and equity:	Alinta Sales is a wholly owned subsidiary of the Alinta Energy group of companies, the holding company of which is Alinta Holdings ABN 52 148 012 471. .
Company directors:	Mr Jeff Dimery Mr David Goldsmith
Declaration:	The company directors declare they have not been disqualified under the <i>Corporations Act 2001</i> from managing corporations.

---

## 1.2 The applicant

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

Alinta Sales is the largest natural gas retailer in Western Australia, supplying gas to over 580,000 residential customers, as well as to small businesses and major commercial and industrial loads. Alinta Sales also supplies electricity to large use customers (those consuming over 50 MWh per annum) in the South West Interconnected System (**SWIS**).

## 1.3 Organisational structure

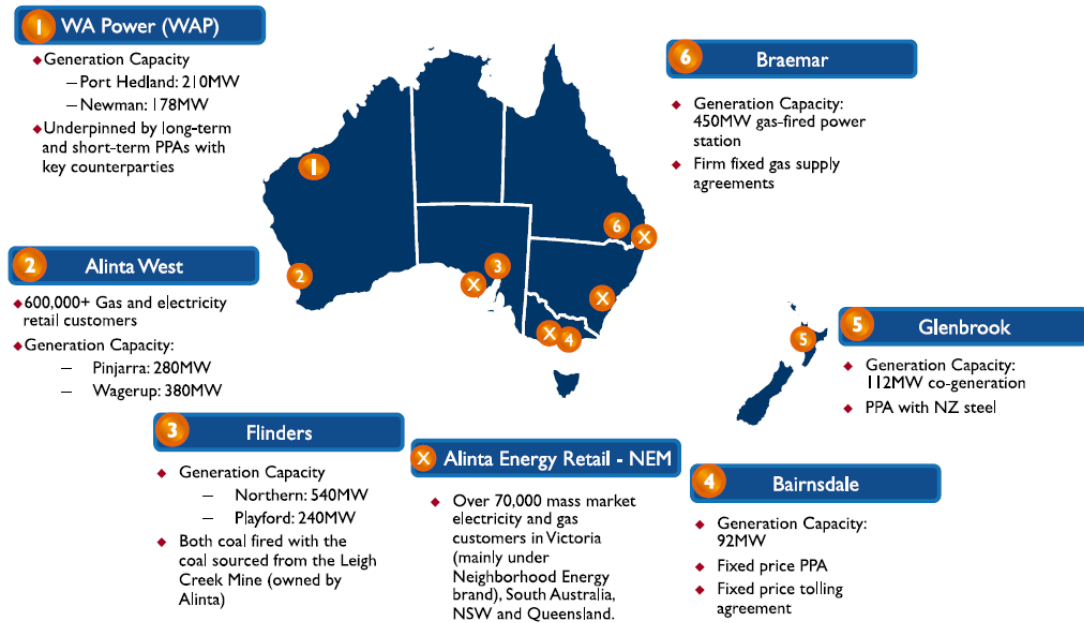
Alinta Sales Pty Ltd (ACN 089 531 984) (**Alinta Sales**) is the applicant for this Integrated Regional Electricity Licence.

Alinta Sales 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.

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.

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.

**Figure 1: Alinta Energy portfolio**



### 1.4 Service model

The purpose of obtaining an Integrated Regional Licence is to enable Alinta Sales to pursue business opportunities outside the SWIS, predominantly the supply of electricity to large use customers in Western Australia’s far north.

Alinta Sales is fully supported by Alinta Energy and is able to draw on established resources, systems and processes from across the group of associated companies. Alinta Energy’s Perth office comprises various business operations including wholesale, power generation, legal and regulatory, finance and call centre including billing and payment, all of which provide support and expertise to the Alinta Sales business. Alinta Sales staff are employed by Alinta Servco Pty Ltd, through which the majority of Alinta Energy staff are engaged.

### 1.5 Directors

The directors of Alinta Sales are Mr Jeff Dimery and Mr David Goldsmith who are, respectively, the Chief Executive Officer and the Chief Financial Officer 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.

## **2 Financial information**

### **2.1 Current financial position**

#### **2.1.1 Financial reports**

Alinta Energy's financial resources support all of Alinta Sales' obligations.

#### **2.1.2 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 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.

### **2.2 Financial policies**

#### **2.2.1 Auditing policies**

Alinta Energy's 2013/14 Internal Audit Plan (**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.

#### **2.2.2 Risk management 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.

---

### 3 Technical information

#### 3.1 Network access

Horizon Power has a standard access contract for parties seeking access to their electricity network infrastructure.

#### 3.2 Relevant experience

##### 3.2.1 Prior experience

Alinta Sales is Western Australia's largest natural gas retailer, supplying over 600,000 residential, small business and commercial and industrial customers under its Gas Trading Licence.

Alinta Sales has held an Electricity Retail Licence since May 2006 which allows it to retail electricity to customers in Western Australia's SWIS. Alinta Sales retails to approximately 3000 large use customers under its current licence.

Alinta Energy also holds a number of retail licences in other jurisdictions. Alinta Energy's Retail Markets business pillar is responsible for delivering high-quality, competitive energy products and services to more than 700,000 customers across Australia.

##### 3.2.2 Relevant licences

Alinta Sales currently holds the following licences:

**Table 2: Alinta Sales licences**

<b>Jurisdiction</b>	<b>Licence type</b>	<b>Regulatory authority</b>	<b>Licence details</b>	<b>Entity</b>
WA	Retail	Economic Regulation Authority ( <b>ERA</b> )	Electricity Retail Licence ERL6	Alinta Sales Pty Ltd
WA	Retail	ERA	Gas Trading Licence GTL9	Alinta Sales Pty Ltd

#### 3.3 Other equivalent licences

##### 3.3.1 Licence particulars

Alinta Energy holds a number of other electricity generation and energy retail licences in various jurisdictions within Australia, as described in Table 3.

**Table 3: 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
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 ( <b>ESCOSA</b> )	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 ( <b>AER</b> )	Authorisation - Electricity	Alinta Energy Retail Sales Pty Ltd
SA / ACT	Retail	AER	Authorisation - Gas	Alinta Energy Retail Sales Pty Ltd
Vic	Generation	Essential Services Commission ( <b>ESC</b> )	Electricity Generation 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

### 3.3.2 Licence compliance

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.

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

## 4 Public interest information

### 4.1 Public interest

The grant of an Integrated Regional Licence to Alinta Sales will:

- Give large use electricity customers in the Pilbara region a choice of retailers for the first time. Currently there is only one retailer servicing this region;
- Provide more affordable energy. Alinta Energy's retail business is focussed on making energy more affordable, underlined by distinctive products and customer service;
- Promote retail competition, keeping prices fair; and
- Support economic development in the Pilbara region, including local and regional employment opportunities and investment growth.

### 4.2 Term of licence

The proposed term of the licence is 15 years, the maximum licence duration under the *Electricity Industry Act 2004*.