

Decision on Electricity Integrated Regional Licence Application

Alinta Sales Pty Ltd

12 August 2014

Economic Regulation Authority

WESTERN AUSTRALIA

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Decision

1. Pursuant to sections 9 and 19 of the *Electricity Industry Act 2004* (**Act**), the Economic Regulation Authority (**Authority**) has approved the grant of an electricity integrated regional licence to Alinta Sales Pty Ltd (**Alinta Sales**).
2. The licence is to sell electricity to large use customers subject to, and in accordance with, the terms set out in the licence for a period of 15 years.
3. As required by section 23(1) of the Act, the Authority will publish a notice of the grant of licence in the Government Gazette as soon as practicable.

Reasons

4. On 3 April 2014 Alinta Sales applied for an electricity integrated regional licence. The application is to sell electricity to large use customers in the Pilbara region of Western Australia. Customers will be supplied from the Port Hedland Power Station, which is owned and operated by Alinta Sales Pty Ltd.
5. Under section 19(1) of the Act the Authority must grant a licence if it is satisfied that the applicant has and is likely to retain, or will acquire within a reasonable timeframe, and is then likely to retain, the financial and technical resources to undertake the activities authorised by the licence.
6. The Authority engaged financial and technical consultants to examine the financial and technical capacity of Alinta Sales to undertake the activities authorised by the electricity integrated regional licence.
7. Following the financial assessment of the application submitted by Alinta Sales, the financial consultant concluded that Alinta Sales has and will likely retain the financial resources to undertake the activities authorised by the licence.
8. Following the technical assessment of the application submitted by Alinta Sales, the technical consultant concluded that Alinta Sales has and will likely retain the technical resources to undertake the activities authorised by the licence.
9. The Authority considered the electricity integrated regional licence application submitted by Alinta Sales along with the consultants' assessments and is satisfied that Alinta Sales meets the requirements of section 19(1) of the Act.
10. Section 9 of the Act requires that the Authority must not grant an electricity licence unless it is satisfied that it would not be contrary to the public interest to do so. Section 8(5) of the Act, without limitation, specifies the matters to be considered by the Authority in this regard.
11. The Authority published a notice seeking public submissions 24 April 2014 and the submission period closed on 16 May 2014. The Authority received a submission from Horizon Power.
12. Horizon Power raised concerns regarding access arrangements in the Pilbara. Horizon Power noted that its networks in the Pilbara are not covered by the *Electricity Network Access Code 2004* (**ENAC**) and an access agreement between Horizon Power and Alinta Sales would not meet the standards inherent in an access arrangement under the ENAC.

13. The Authority is of the view that the issues raised by Horizon Power are not material in the context of the grant of a licence. The Authority considers that access to electricity networks within the Pilbara is a commercial matter for the relevant parties.
14. The Authority has considered the public interest, including all of the matters set out in section 8(5) of the Act as required by section 9(2). The Authority has also considered Alinta Sales' capacity to undertake the activities authorised by the licence as required by section 19 of the Act.
15. The Authority is satisfied that approval of an electricity integrated regional licence to Alinta Sales would not be contrary to the public interest.