

Decision to approve standard form contract and grant Electricity Retail Licence 25

Change Energy Pty Ltd

16 December 2016

Economic Regulation Authority

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Decision

1. Pursuant to section 51 of the *Electricity Industry Act 2004 (Act)*, the Economic Regulation Authority (**ERA**) approves the standard form contract for the supply of electricity to small use customers as submitted by Change Energy Pty Ltd (**Applicant**).
2. Pursuant to sections 9 and 19 of the *Electricity Industry Act 2004 (Act)*, the ERA has approved the grant of Electricity Retail Licence No. 25 to the Applicant.
3. The licence authorises the Applicant to sell electricity to contestable business customers subject to, and in accordance with, the terms set out in the licence for a period of 15 years.
4. As required by section 23(1) of the Act, the ERA will publish a notice of the grant of licence in the Government Gazette as soon as practicable.

Reasons

5. On 20 September 2016, the Applicant applied for an electricity retail licence to sell electricity to business customers within the South West Interconnected System.¹

Standard form contract

6. Section 50 of the Act provides that the ERA must not grant, renew or approve a transfer of a retail licence unless the applicant has submitted a draft standard form contract, and the ERA has approved the standard form contract under which the applicant will supply electricity to small use customers pursuant to the licence.
7. The Applicant provided its draft standard form contract for the supply of electricity to small use business customers with its licence application. The ERA provided feedback to the Applicant regarding the contract. In response to this feedback, the Applicant amended the contract.
8. In accordance with the ERA's *Public Consultation Guidelines – For Electricity, Gas & Water Licences and Electricity & Gas Standard Form Contracts*, the ERA undertook public consultation on the proposed standard form contract from 7 November 2016. The ERA received no submissions.
9. Under the Act, the ERA must not approve a standard form contract if it considers that the contract will not meet the requirements of the contract regulations, will be inconsistent with the Act or any other written law, or will be inconsistent with any term, condition or provision of the licence concerned.
10. The ERA has considered the Applicant's proposed electricity standard form contract. The ERA is satisfied that the contract meets the requirements of the Act.

¹ Please note the [ERA Decision \(19 September 2012\)](#) in which the ERA ceased to use the reference to the South West Interconnected System, and instead identified the approved licence area for Western Power's electricity distribution licence (EDL1) as the relevant area for electricity retail licences.

Grant of licence

11. Under section 19(1) of the Act the ERA 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.
12. The ERA engaged financial and technical consultants to examine the applicant's financial and technical resources to undertake the activities to be authorised by an electricity retail licence. Following the assessment of the application:
 - The financial consultant concluded that the Applicant complies with the financial requirements under section 19(1) of the Act.
 - The technical consultant concluded that the Applicant complies with the technical requirements under section 19(1) of the Act.
13. The ERA considered the electricity retail licence application submitted by the Applicant along with the consultants' assessments, and is satisfied that the Applicant meets the requirements of section 19(1) of the Act.
14. Section 9 of the Act requires that the ERA 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 the ERA must consider.
15. The ERA undertook public consultation on Change Energy's licence application in accordance with the ERA's *Public Consultation Guidelines – For Electricity, Gas & Water Licences and Electricity & Gas Standard Form Contracts*. The ERA published a notice seeking public submissions on 27 September 2016. The submission period closed on 10 October 2016, and the ERA received no submissions.
16. The ERA has considered the matters set out in section 8(5) of the Act as required by section 9(2). Having regard to this, and the assessments of the applicant's resources to undertake the activities to be authorised by the licence under section 19(1) of the Act, the ERA is satisfied that granting an electricity retail licence to the Applicant would not be contrary to the public interest.