

Application Summary

This Application Summary addresses the requirements set out in section 4.1 of “Licence Application Guidelines – Electricity, Gas and Water Licences” issued by the Economic Regulation Authority in November 2016.

1. Applicant Details and Organisation Overview

Applicant: Southern Energy WA Pty Ltd
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Southern Energy WA Pty Ltd (Southern Energy) is a newly established electricity retailer in WA. It intends to supply Large Use Customers (i.e. customers who consume more than 160 MWh of electricity per annum). In the first instance, it will focus on supplying an affiliated property portfolio controlled by the shareholder.

Southern Energy has engaged the established retailer Community Electricity Pty Ltd to assist it with its retail operations.

2. Service Model

Southern Energy will initially focus on supplying a portfolio of affiliated properties primarily located in the Albany region.

It is envisaged that Southern Energy’s customers will be Large Use Customers with the capacity and flexibility to respond to real-time price signals to achieve cost efficient average prices. In due course, it will also serve non-affiliated Large Users.

3. Service Infrastructure

This retail licence application does not involve any major infrastructure development. It encompasses primarily office-based activities, utilising computers and software.

4. Supply Areas

The electricity supply products and services provided by Southern Energy will be in the areas covered by the South West Interconnected System (SWIS).

5. Other Regulatory Approvals Required

It is expected a number of other regulatory approvals will be obtained following the grant of this licence, including registration with:

- Australian Energy Market Operator (AEMO) as a Market Participant;
- An Electricity Transfer Access Contract with Western Power;
- The Clean Energy Regulator.

The registration with AEMO is well progresses and the other two registrations are expected to be straightforward on grant of the licence.

6. Not Contrary to Public Interest

Grant of the licence will promote the Wholesale Electricity Market Objectives as follows:

Market Objective a) “to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the SWIS”.

Grant of the licence will support this objective by increasing competition among retailers and promoting timely response to market signals by end-users which will lead to more economically efficient, safe and reliable production and use of electricity.

Market Objective b) “to encourage competition among generators and retailers in the SWIS, including by facilitating efficient entry of new competitors”.

Grant of the licence will facilitate the entry of a new retailer and encourage more competition among retailers.

Market Objective c) “avoid discrimination against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions”.

Grant of the licence will support this objective by:

- Facilitating the development and uptake of behind-the-meter on-site distributed generation, enabling the production of energy where it is used. Users are free to adopt their own criteria and utilise the technology of their choice (subject to compliance with the Technical Rules), be it renewable, financially-focussed, or utilising production waste (sustainable).
- Minimising greenhouse gas emissions by producing energy where it is used and avoiding network transportation losses;
- Promoting sustainability by facilitating use of renewable energy options such as solar PV.

Market Objective d) “to minimise the long-term cost of electricity supplied to customers from the SWIS”.

Grant of the licence will promote this objective by:

- Facilitating end-user direct access to the wholesale electricity market costs and price signals.
- Reducing the need for network investment and transportation losses by facilitating the production of energy where it is consumed.

Market Objective e) “to encourage the taking of measures to manage the amount of electricity used and when it is used.”

Grant of the licence will promote this objective by facilitating end-users:

- direct access to the wholesale electricity market costs and price signals so that they may adjust their consumption patterns accordingly as to the amount of electricity they use and when it is used in order to minimise cost.

- direct exposure to the system capacity management mechanism so that the cost of the system capacity requirement can be identified and compared with the costs of strategies for displacing it (such as load curtailment or installation of on-site generation).