

Decision to Amend Electricity Integrated Regional Licence 2 – Horizon Power

26 July 2010

Economic Regulation Authority



WESTERN AUSTRALIA

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DECISION

1. Pursuant to sections 9 and 21 of the *Electricity Industry Act 2004 (Act)*, the Economic Regulation Authority (**Authority**) approves amendments to Horizon Power's Electricity Integrated Regional Licence 2 (**EIRL2**). The amendments extend Horizon Power's (Regional Power Corporation) operating boundary in the Karratha and Pilbara electricity licence areas, create a new licence area in Kalumburu and add a reference to the generation site on the Onslow electricity licence area map.
2. As required by section 23(1) of the Act, the Authority will publish a notice of its approval of the amendments in the *Government Gazette* as soon as is practicable.

BACKGROUND

3. In May 2010, Horizon Power submitted an application to the Authority to amend EIRL2.
4. The extension to the Pilbara operating area boundary was requested in anticipation of approval, from the Minister for Energy, for Horizon Power to enter into a new Power Supply Arrangement and a Connection Assets Agreement with Fortescue Metals Group (**FMG**). One of the outcomes of these agreements will be that Horizon Power will take possession of the transmission line running between Wedgefield substation and the South West Creek substation from FMG. Horizon Power will be deemed to have acquired the transmission line when the agreements are executed. The transmission line is not currently in a Horizon Power licence area.
5. The extension to the Karratha operating area boundary was requested so the following projects, which have recently received funding approval and are not within an existing Horizon Power licence area, could be incorporated into the Karratha licence area to:
 - i) provide 'points of supply' along the Dampier Highway to facilitate additional street lighting between Dampier and Karratha (at the request of Main Roads);
 - ii) provide infrastructure to new works as part of the extension of the Nickol subdivision; and
 - iii) provide power to the new industrial estate being built at Gap Ridge.
6. The creation of an operating area in Kalumburu was requested as it is the next community to be supplied as part of the Aboriginal and Remote Communities Power Supply Project (ARCPSP) and has recently received funding approval.
7. Horizon Power requested that a reference to the backup generation site in Onslow be added to the Onslow operating area map to make it consistent with other maps that make reference to Horizon Power's other backup generation sites in Kununurra and Wyndham.

REASONS

8. Pursuant to section 21 of the Act, the Authority may amend a licence if the Applicant has made the application in a form approved by the Authority and paid the prescribed application fee. Horizon Power has satisfied these requirements.
9. On 2 June 2010, the Authority published a notice on its website seeking public submissions on the proposed amendments. The period for submissions closed on 24 June 2010 and no submissions were received.
10. Section 9 of the Act states that the Authority must not exercise a power conferred by Division 3 (general licensing provisions) of Part 2 of the Act unless the Authority is satisfied that it would not be 'contrary to the public interest' to do so. The Authority is satisfied that approval of the amendments to Electricity Integrated Regional Licence 2 would not be contrary to the public interest.

STEVE EDWELL
MEMBER