

Decision on Electricity Retail Licence Application – ERM Power Retail Pty Ltd

15 October 2010

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 Authority approves the grant of a retail licence to ERM Power Retail Pty Ltd (Applicant) to supply electricity, subject to, and in accordance with, the terms set out in the retail licence for a period of 15 years.
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. On 7 July 2010, the Applicant submitted a licence application to the Authority to sell electricity to large use customers who consume more than 160 MWh per annum in the South West Interconnected System (**SWIS**) in Western Australia.
4. The Applicant is a wholly owned subsidiary of ERM Power Pty Ltd. It is a proprietary company, limited by shares, and was incorporated on 26 June 2007.
5. The Applicant is not deemed an existing operator and therefore under section 7 of the Act requires a retail licence in order to sell electricity in Western Australia.

REASONS

6. The retail licence application was made pursuant to section 10 of the Act.
7. The Authority engaged the Paxon Consulting Group (**Paxon**) to examine the financial capacity of the Applicant to undertake the activities authorised by the retail licence. Following the assessment, Paxon concluded that the Applicant has and will likely retain the financial resources to undertake the activities to be authorised by the licence.
8. The Authority engaged consultants Qualeng to examine the technical capacity of the Applicant to undertake activities authorised by the retail licence. Following the assessment, Qualeng concluded that the Applicant has and is likely to retain the technical resources to undertake the activities to be authorised by the licence.
9. The Authority has considered the retail licence application including the advisors' assessments conducted for the purpose of the retail licence application and is satisfied that the Applicant meets the requirements of section 19(1) of the Act.
10. Section 9 of the Act states that the Authority must not exercise a power conferred by Division 3 of the Act (general licensing provisions) unless the Authority is satisfied that it would not be contrary to the public interest to do so.
11. A notice seeking public submissions on the retail licence application was published on the Authority's website on 14 July 2010. The Authority did not receive any submissions with respect to the granting of a retail licence to the Applicant.
12. In its consideration of the Application, the Authority considered the public interest, including the matters set out in section 8(5) of the Act as required by section 9(2).

13. The Authority is satisfied that approval of a retail licence to the Applicant would not be contrary to the public interest.

LYNDON ROWE
CHAIRMAN