

# Decision on Electricity Transmission Licence Application – Karara Power Pty Ltd

27 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 transmission licence to Karara Power Pty Ltd (**Applicant**) to supply electricity, subject to, and in accordance with, the terms set out in the transmission licence for a period of 30 years.
2. 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.

## Background

3. On 21 July 2010, the Applicant submitted a licence application to the Authority to construct and operate a transmission system in the Midwest region within the Midwest Local Government areas between Eneabba and Koolanooka via Three Springs. The length of the transmission system is 124km.
4. The Applicant is a company limited by shares and registered under the *Corporations Act 2001*. It was initially registered on 11 August 2009 as Mid West Infrastructure Group Pty Ltd and changed its name to Karara Power Pty Ltd on 13 May 2010.
5. Karara Mining Limited (**KML**) is developing the Karara Iron Ore Project (**KIOP**) in the Mid West Region of Western Australia, approximately 350 kilometres North East of Perth.
6. KIOP requires an electricity load demand between 80 – 500 MW depending on the ultimate size of the operation. This demand will be provided through the installation of a 330kV transmission line from Eneabba to the Karara Mine Site.
7. The Applicant is not deemed an existing operator and therefore under section 7 of the Act requires a transmission licence in order to construct and operate a transmission system in Western Australia.

## REASONS

8. The transmission licence application was made pursuant to section 10 of the Act.
9. The Authority engaged the Paxon Consulting Group (**Paxon**) to examine the financial capacity of the Applicant to undertake the activities authorised by the transmission licence. Following the assessment, Paxon concluded that the Applicant has and will likely retain the financial resources to undertake the activities authorised by the licence.
10. The Authority engaged GHD to examine the technical capacity of the Applicant to undertake activities authorised by the transmission licence. Following the assessment, GHD concluded that the Applicant has and is likely to retain the technical resources to undertake the activities authorised by the licence.
11. The Authority has considered the transmission licence application including the advisors' assessments conducted for the purpose of the transmission licence

application and is satisfied that the Applicant meets the requirements of section 19(1) of the Act.

12. 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.
13. A notice seeking public submissions on the transmission licence application was published on the Authority's website on 4 August 2010. The Authority did not receive any submissions with respect to the granting of a transmission licence to the Applicant.
14. 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). The Authority is satisfied that approval of a transmission licence to the Applicant would not be contrary to the public interest.

LYNDON ROWE  
**CHAIRMAN**