

Decision on Generation Licence Application for Tiwest Pty Ltd

24 December 2010

Economic Regulation Authority



WESTERN AUSTRALIA

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DECISION

1. On 24 September 2010, Tiwest Pty Ltd, ABN: 34 118 630 461 (**Applicant**) submitted a licence application to generate electricity from the KMK Cogeneration Facility (**KMK**) in Kwinana to supply customers within the South West Interconnected System (**SWIS**). The Applicant and the Electricity Generation Corporation (trading as Verve Energy) have reached an agreement for the relinquishment of the KMK back to the Applicant.
2. The Generation Licence Application was made pursuant to section 10 of the *Electricity Industry Act 2004* (**Act**).
3. Pursuant to sections 9 and 19 of the Act, the Authority approves the grant of generation licence to the Applicant to generate electricity subject to, and in accordance with, the terms set out in the Generation Licence for a period of 30 years.

REASONS

4. The Authority engaged consultants Paxon Consulting Group (**Paxon Group**) to examine the financial capacity of the Applicant to undertake the activities authorised by the generation licence. Following the assessment, the Paxon Group concluded that the Applicant has and will likely retain the financial resources to undertake the activities to be authorised by the licence.
5. The Authority engaged consultants Qualeng Quality Engineering (**Qualeng**) to examine the technical capacity of the Applicant to undertake activities authorised by the generation licence. Following the assessment, Qualeng concluded that the Applicant has and is likely to retain the technical resources to undertake the activities authorised by the licence.
6. The Authority has considered the generation licence application, including the advisors' assessments conducted for the purpose of the generation licence application, and is satisfied that the Applicant meets the requirements of section 19(1) of the Act.
7. 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.
8. A notice seeking public submissions on the generation licence application was published on the Authority's website on 4 October 2010. The Authority did not receive any comments or objections to the grant of a generation licence to the Applicant.
9. In its consideration of the generation licence application and amendment of EGL7, 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 generation licence to the Applicant would not be contrary to the public interest.
10. The Authority has therefore decided to grant a generation licence to the Applicant for the generation of electricity in the SWIS for a period of 30 years.

As required by section 23(1) of the Act, the Authority will publish a notice of its approval of the generation licence application.

LYNDON ROWE
CHAIRMAN