

Decision on amendment of Gas Trading Licence No. 9 (GTL9)

17 September 2012

Economic Regulation Authority

WESTERN AUSTRALIA

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For further information, contact:

Economic Regulation Authority
Perth, Western Australia
Phone: (08) 6557 7900

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DECISION

1. In accordance with sections 11K and 11S of the *Energy Coordination Act 1994 (Act)*, the Economic Regulation Authority (**Authority**) has approved an amendment to Alinta Sales' (**Alinta**) Gas Trading Licence No. 9 (**GTL9**).
2. The amendment to GTL 9 is to incorporate Alinta's trading name ("Alinta Energy") and to insert a clause in Schedule 3 requiring Alinta to bill its customers at least every 110 days:

Billing Cycle

Despite clause 4.1(b) of Schedule 2 of this licence, the licensee must issue a bill at least every 110 days unless the licensee has obtained a customer's consent to issue bills less frequently or the customer has a pre-payment meter installed at the customer's supply address.

REASONS

3. Pursuant to section 11VA of the Act, Alinta applied for an amendment on 16 July 2012 to:
 - amend the licence obligation (Schedule 2, Clause 4.1) to allow for bills to be issued not less than every 110 days, in line with the requirements of the distributor to provide the required data to Alinta and to accommodate any delay in receiving the data; and
 - incorporate its trading name, "Alinta Energy", in its licence.
4. The Authority published a notice on its website on 27 July 2012 to seek public comment on the proposed licence amendment. The due date for the submissions was on 16 August 2012. The Authority received one submission, from Synergy, in support of the licence amendment application.
5. The Authority notes that Alinta's 2011 Performance Audit disclosed that Alinta contravened Schedule 2, clause 4.1(b) by billing some customers at an interval greater than the three months. The Authority notes that the cause of the contravention relates to the timing of meter readings (approximately every 100 days) provided to Alinta by the gas distributor, WA Gas Networks Pty Ltd trading as ATCO Gas Australia (**ATCO**). The Authority further notes that the timing of the meter readings provided by ATCO is dictated by the approved access arrangement.
6. Alinta's licence amendment application is in response to the contravention of Schedule 2, clause 4.1(b) of the licence.
7. Pursuant to section 11S 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 (section 11VA). Alinta has satisfied these requirements.
8. Section 11K(1) of the Act states that the Authority must not exercise a power conferred by Division 4 of the Act (Licence application, grant etc) unless the Authority is satisfied that it would not be contrary to the public interest to do so.
9. Section 11K(2) of the Act provides that, when determining whether the exercise of the power would not be contrary to the public interest, the Authority must, without limiting other matters that may be taken into account, take into account the matters referred to

in section 11H(3) of the Act. The Authority is satisfied that amending Alinta's licence to include the above would not be contrary to the public interest.

10. The Authority has considered:
 - the requirements under the Act; and
 - Alinta's licence amendment application.
11. The Authority agrees that amending the maximum period between bills in the Alinta licence to align with the maximum period between meter readings (with a reasonable allowance for error) until such time that the billing frequency included in the Compendium of Gas Customer Licence Obligations and the meter reading frequency of the approved access arrangement for ATCO are aligned to facilitate timely billing based on meter reading data.
12. However, the Authority does not agree with Alinta's proposed wording of "not less than 110 days" as the amendment does not prescribe the maximum period of time between bills. Instead, the Authority approves that the billing cycle should be within 110 days.
13. The Authority notes that Schedule 2 of the licence is the Compendium of Gas Customer Licence Obligations (**Compendium**). The Authority is of the view that it is not appropriate to amend Schedule 2, as the Compendium is a licence condition of all gas trading and distribution licences. As a result, a new clause has been inserted in Schedule 3 of the licence.