

Decision on application for transfer and renewal of Gas Trading Licence 11

Esperance Gas Distribution Company Pty Ltd

14 March 2014

Economic Regulation Authority

WESTERN AUSTRALIA

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Decision

1. Pursuant to section 11WE of the *Energy Coordination Act 1994* (the **Act**), the Economic Regulation Authority (**Authority**) approves the Standard Form Contract for Esperance Gas Distribution Company Pty Ltd (the **Applicant**).
2. Pursuant to sections 11K and 11S of the Act, the Authority approves the transfer and renewal of gas trading licence 11 (**GTL11**) from WorleyParsons Asset Management Pty Ltd (**WPAM**) to the Applicant to sell gas to small use customers, subject to, and in accordance with, the terms set out in the trading licence for a period of 10 years.
3. As required by section 11T of the Act, the Authority will publish a notice of the grant of licence in the Government Gazette as soon as practicable.

Reasons

4. On 16 December 2013, the Applicant applied for the transfer and subsequent renewal of GTL11 from WPAM to the Applicant. GTL11 authorises the license holder to sell gas to customers consuming less than 1 terajoule per year.
5. Section 11WE of the Act provides that the Authority is not to grant or renew, or approve a transfer of, a trading licence unless the applicant or proposed transferee has submitted a draft standard form contract, and the Authority has approved the standard form contract under which the applicant or proposed transferee will supply gas to customers pursuant to the license.
6. The Applicant provided its proposed standard form contract for the supply of electricity to small use customers with its licence application.
7. A notice seeking public submissions was published on 28 January 2014 and the submission period closed on 17 February 2014. No submissions were received.
8. The Authority considered the proposed contract for compliance with the Act, *Energy Coordination (Customer Contracts) Regulations 2004* (**Regulations**) and other relevant legislation including the Australian Consumer Law. Feedback was provided to the Applicant regarding the proposed contract, and the Applicant made a number of amendments to the contract as a result of that feedback.
9. The Applicant submitted its final revised version of the standard form contract for the Authority's approval on 20 February 2014.
10. The Authority has considered the proposed standard form contract and is satisfied that the contract meets the requirements of the Act and Regulations.
11. Under section 11S of the Act the Authority must approve the transfer and renewal of a licence if it is satisfied that the applicant has and is likely to retain, or will acquire within a reasonable timeframe, and is likely to retain, the financial and technical resources to undertake the activities authorised by the licence.
12. The Authority engaged a financial consultant to examine the financial capacity of the Applicant to undertake the activities authorised by the trading licence. Following the assessment, the consultant concluded that the Applicant has and will likely retain the financial resources to undertake the activities authorised by the licence.

13. The Authority engaged a technical consultant to examine the technical capacity of the Applicant to undertake the activities authorised by the trading licence. Following the assessment, the consultant concluded that the Applicant will have, via its proposed contractual arrangements, and is likely to retain the technical resources to undertake the activities authorised by the licence.
14. The Authority has considered the application to transfer and renew GTL11, including the consultants' assessments conducted for the purpose of the application and is satisfied that the Applicant meets the requirements of section 11S of the Act.
15. Section 11K of the Act requires that the Authority must not grant a licence unless it is satisfied that it would not be contrary to the public interest to do so. Section 11H(3) of the Act, specifies the matters to be considered by the Authority in this regard.
16. A notice seeking public submissions was published on 21 January 2014 and the submission period closed on 12 February 2014. No submissions were received.
17. In its consideration of the application, the Authority considered the public interest, including all of the matters set out in section 11H(3) of the Act as required by section 11K and the Applicants capacity to undertake the activities authorised by the licence as required by section 11S of the Act.
18. The Authority is satisfied that the transfer and renewal of GTL11 to the Applicant would not be contrary to the public interest.