

Decision on application to amend Electricity Retail Licence 24 and Standard Form Contract

CleanTech Energy Pty Ltd

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Economic Regulation Authority

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Decision

1. Pursuant to sections 9 and 21 of the *Electricity Industry Act 2004 (Act)*, the Economic Regulation Authority (ERA) approves the amendment of [Electricity Retail Licence 24 \(ERL24\)](#).
2. Pursuant to section 51 of the Act, the ERA approves the [standard form contract](#) for the supply of electricity to small use business customers as submitted by CleanTech Energy Pty Ltd (**CleanTech**).
3. The licence authorises CleanTech to sell electricity to small use business customers subject to, and in accordance with, the terms set out in the licence for a period of 15 years, commencing on 18 August 2015.
4. As required by section 23(1) of the Act, the ERA will publish a notice of the amendment of ERL24 in the Government Gazette as soon as practicable.

Reasons

5. On 15 January 2018, CleanTech [applied](#) for an amendment to ERL24, to be authorised to supply electricity to small use business customers that consume between 50MWh and 160MWh of electricity per year on the South West Interconnected System.

Standard form contract

6. Section 50(2) of the Act provides that where a licence was granted but the licensee did not intend to supply small use customers, a licensee may, subsequent to the grant of a licence, submit to the ERA a draft of a standard form contract under which the licensee will supply electricity to small use customers pursuant to the licence if the standard form contract is approved by the ERA.
7. CleanTech submitted its standard form contract with its licence amendment application.
8. On 4 April 2018, the ERA undertook public consultation on the proposed standard form contract. The period for submissions closed on 24 April 2018. The ERA did not receive any submissions.
9. Under the Act, the ERA must not approve a standard form contract if it considers that the contract will not meet the requirements of the Act, the relevant regulations, any other written law, or any term, condition or provision of the electricity retail licence.
10. The ERA considers that the standard form contract meets the relevant regulatory requirements.

Amendment of licence

11. Under section 21 of the Act, the ERA may amend a licence in accordance with the application if it is satisfied that the application for the amendment of the licence has been made in a form approved by the ERA and accompanied by the prescribed fee,

and if the applicant has provided any additional information that the ERA may require for the proper consideration of the application.

12. The ERA is satisfied that the requirements under section 21 of the Act have been met.

Technical and financial assessments

13. There is no requirement to perform a technical and financial assessment for a licence amendment application. However, if the ERA considers a licence amendment will result in a substantial change to a licensee's business, there is scope for it to require financial and technical assessments as part of the public interest test.
14. The ERA determined that it would be prudent to undertake a technical and financial assessment of CleanTech's application, because it considers the supply of electricity to small use business customers will result in a substantial change to CleanTech's business.
15. The ERA engaged technical and financial consultants to examine CleanTech's technical and financial resources to undertake the activities to be authorised by the amendment of the licence.
16. The technical assessment concluded that:
 - CleanTech has, and is likely to retain, the technical ability and resources to undertake the activities authorised by the amendment of ERL24.
17. The financial assessment concluded that:
 - CleanTech has, and is likely to retain, the financial resources to undertake the activities to be authorised by the amendment of ERL24.

Electricity Ombudsman Scheme

18. Section 101 of the Act provides that it is a condition of every retail licence that the licensee cannot supply electricity to small use customers unless the licensee is a member of the Electricity Ombudsman Scheme.¹
19. CleanTech has given the ERA a written commitment that it will apply for membership of the Electricity Ombudsman Scheme. The ERA is satisfied that CleanTech will, upon grant of the licence amendment, become a member of the Scheme.

Public interest

20. Section 9(2) of the Act requires that the ERA must not approve the amendment of a licence unless it is satisfied it will not be contrary to the public interest to do so. The matters to be taken into account in making that decision are set out in section 8(5) of the Act. On 6 February 2018, the ERA undertook public consultation on the proposed application to amend ERL24. The period for submission closed on 27 February 2018. The ERA did not receive any submissions.

¹ The Electricity Ombudsman Scheme is operated by the Energy and Water Ombudsman Western Australia.

21. The ERA has considered the matters set out in section 8(5) of the Act, as required by section 9(2) of the Act, and the assessments of CleanTech's financial and technical capacity to undertake the activities that will be authorised by the amended licence. The ERA is satisfied that approving the amendment of ERL24 would not be contrary to the public interest.