

# Decision on electricity transmission licence application (ETL4)

Southern Cross Energy Partnership

4 February 2021

Economic Regulation Authority

WESTERN AUSTRALIA

## Economic Regulation Authority

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## 1. Decision

1. Pursuant to sections 9 and 19 of the *Electricity Industry Act 2004*, the Economic Regulation Authority approves the amendment of TEC Desert Pty Ltd & TEC Desert No. 2 Pty Ltd's (trading as Southern Cross Energy Partnership) electricity transmission licence [ETL4](#) to expand the operating area.
2. Subject to its terms and conditions, the licence authorises Southern Cross Energy (SCE) to provide electricity transmission services in the Southern and Northern Goldfields area (as set out in operating area plans ERA-EL-110/1(B) and [ERA-EL-110/2\(D\)](#) in the licence).
3. The term of the amended licence is 30 years (the maximum period allowed by section 15(2) of the Electricity Act).
4. As required by section 23(1) of the Electricity Act, the ERA will publish a notice of the amendment of the licence in the Government Gazette as soon as practicable.

## 2. Reasons

### 2.1 Licence amendment application

5. On the 8 December 2020, SCE [applied](#) for an amendment to ETL4 to construct and operate a new point of supply south of Kambalda.<sup>1</sup>
6. SCE sought to extend its current 66 kilovolt transmission line from the Redross Substation, south of Kambalda, for a further 4 kilometres in a southerly direction. A new substation will be built at the southern-most point of SCE's network.
7. Under section 21 of the Electricity 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 if the applicant has provided any additional information that the ERA may require for the proper consideration of the application.

### 2.2 Public consultation

8. On 15 December 2020, the ERA sought [public comment](#) on the licence amendment application. The period for submissions closed on 11 January 2021.
9. The ERA did not receive any submissions.

### 2.3 Financial and technical assessments

10. Section 19(1) of the Electricity Act requires the ERA to assess the financial and technical capacity of an applicant when it grants, renews or transfers a licence. There is no requirement to perform this assessment for a licence amendment application.
11. If the ERA considers a licence amendment will result in a substantial change to a licensee's business, there is scope to require financial and technical assessments.
12. The inclusion of an additional 4km of overhead line to SCE's existing 285km of electricity transmission licence is a minor amendment. The ERA does not consider this amendment to be a substantial change to the licensee's business.

### 2.4 Assessment of public interest

#### 2.4.1 *Electricity Industry Act 2004*

13. Section 9 of the Electricity Act requires that the ERA must not approve the amendment of a licence unless it is satisfied that it would not be contrary to the public interest to do so. Section 9(2) of the Electricity Act states that, to make that decision, the ERA is to take into account the matters set out in section 8(5) of the Electricity Act. Section 8(5) of the Electricity Act provides that, without limiting the other matters that may be taken into

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<sup>1</sup> Kambalda is located approximately 60 kilometres south-east of Kalgoorlie.

account, matters that are to be taken into account by the Governor to determine whether the making of the order would not be contrary to the public interest are:

- a. Environmental considerations.
- b. Social welfare and equity considerations, including community service obligations.
- c. Economic and regional development, including employment and investment growth.
- d. The interests of customers generally or of a class of customers.
- e. The interests of any licensee, or applicant for a licence, in respect of the area or areas to which the order, if made, would apply.
- f. The importance of competition in electricity industry markets.
- g. The policy objectives of government in relation to the supply of electricity.

### **2.4.2 Economic Regulation Authority Act 2003**

14. The ERA must also have regard to the matters set out in section 26 of the *Economic Regulation Authority Act 2003* (ERA Act):<sup>2</sup>
  - a. The need to promote regulatory outcomes that are in the public interest.
  - b. The long-term interests of consumers in relation to the price, quality and reliability of goods and services provided in relevant markets.
  - c. The need to encourage investment in relevant markets.
  - d. The legitimate business interests of investors and service providers in relevant markets.
  - e. The need to promote competitive and fair market conduct.
  - f. The need to prevent abuse of monopoly or market power.
  - g. The need to promote transparent decision-making processes that involve public consultation.

### **2.4.3 Assessment of public interest**

15. The ERA has considered the matters set out in section 26 of the ERA Act and the public interest test in section 8(5) of the Electricity Act and is satisfied that amending SCE's electricity transmission licence would not be contrary to the public interest.
16. The extension of SCE's transmission licence will support economic and regional growth of mining operations in the southern goldfields area (section 8(5)(c) of the Electricity Act and section 26(2)(c) of the ERA Act).

<sup>2</sup> The ERA has discretion to decide the weight it gives to each of the matters listed in section 26 of the ERA Act in making its decision

17. The new point of supply will provide grid connected power to replace the temporary onsite diesel generation currently used by their customer's mine site (section 8(5)(a) of the Electricity Act and section 26(2)(b) of the ERA Act.