

Decision to renew electricity retail licence ERL9 and electricity distribution licence EDL4

Newmont Power Pty Ltd

10 May 2021

Economic Regulation Authority

WESTERN AUSTRALIA

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1. Decision

1. Pursuant to sections 9 and 19 of the *Electricity Industry Act 2004*, the Economic Regulation Authority has renewed Newmont Power Pty Ltd's electricity retail licence [ERL9](#) and electricity distribution licence [EDL4](#).
2. Newmont Power owns approximately 20 kilometres of distribution lines that connect the Parkeston Power Station to the Kalgoorlie Consolidated Gold Mines' Fimiston Operations and the Kaltails project. Kalgoorlie Consolidated Gold Mines is Newmont Power's only customer.
3. The term of the renewed ERL9 is 15 years (the maximum period allowed by section 15(1) of the Electricity Act).
4. The term of the renewed EDL4 is 15 years.
5. As required by section 23(1) of the Electricity Act, the ERA will publish a notice of the renewal of the licences in the Government Gazette as soon as practicable.

2. Reasons

2.1 Licence

6. Section 7(4) of the Electricity Act requires a person to hold an electricity retail licence to sell electricity to customers.
7. Section 7(3) of the Electricity Act requires a person to hold an electricity distribution licence to operate a distribution system.
8. The ERA granted ERL9 and EDL4 to Newmont Power on 30 June 2006 for a period of 15 years, with an expiry date of 29 June 2021.
9. On 1 March 2021, Newmont Power applied to the ERA to renew ERL9 and EDL4.

2.2 Public consultation

10. On 5 March 2021, the ERA sought [public comment](#) on the licence renewal applications. The period for submissions closed on 26 March 2021.
11. The ERA did not receive any submissions.

2.3 Financial and technical assessment

12. Under Section 19(1) of the Electricity Act, the ERA must renew a licence if it is satisfied that the licensee has and is likely to retain, or will acquire within a reasonable timeframe, and is then likely to retain, the financial and technical resources to undertake the activities authorised by the licence.
13. As part of its renewal application, Newmont Power provided audited financial reports for the past three years for its parent company Newmont Australia Pty Ltd and a written declaration from the Director of Newmont Power, who is also the chief financial officer of Newmont Australia Pty Ltd that it has, and will retain, the financial resources to continue to undertake the activities authorised by the licences.¹
14. Based on the information provided, the ERA is satisfied that Newmont Power has, and is likely to retain, the financial resources to provide the services in its operating areas.
15. The ERA used Newmont Power's licence compliance history to determine whether it has the technical resources to continue to provide the licensed services.
16. Based on its compliance history, the ERA considers that Newmont Power has, and is likely to retain, the technical resources to provide the services in its operating areas.

¹ Newmont Australia Pty Ltd has 100 per cent ownership of Newmont Power. Although the standalone financial position of Newmont Power is not available in Newmont Australia Pty Ltd's financial reports, the financial performance of Newmont Australia Pty Ltd shows it has substantial financial resources to support the operations of Newmont Power.

2.4 Assessment of public interest

2.4.1 *Electricity Industry Act 2004*

17. Section 9 of the Electricity Act requires that the ERA must not renew a licence unless it is satisfied that it would not be contrary to the public interest to do so. Section 8(5) of the Electricity Act, provides that, without limiting the other matters that may be taken into 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 licence in respect of which the power exercised is exercised 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*

18. The ERA must also have regard to the matters set out in section 26 on the *Economic Regulation Authority Act 2003*:²
- 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 or monopoly or market power.
 - g. The need to promote transparent decision-making processes that involve public consultation.

² 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.

2.4.3 ERA assessment of public interest

19. The ERA has considered section 19(1) of the Electricity Act, the matters set out in section 9 and section 8(5) of the Electricity Act, section 26 of the ERA Act, Newmont Australia Pty Ltd's financial reports for the past three years, the written declaration from the Director of Newmont Power, who is also the chief financial officer of Newmont Australia Pty Ltd, and Newmont Power's previous compliance history.
20. The interests of Newmont Power's existing customer are best served by Newmont Power continuing to be licensed, so it can maintain supply to the customer (section 8(5)(d) of the Electricity Act and section 26(2)(b) of the ERA Act).
21. The renewal of Newmont Power's licences will support economic and regional growth, as Newmont Power supports mining operations (section 8(5)(c) of the Electricity Act).
22. The ERA conducted public consultation on the licence renewal applications and has stated in this decision the reasons for renewing the licences, which is consistent with section 26(g) of the ERA Act.
23. In all circumstances, after taking into account the matters in section 8(5) of the Electricity Act and section 26 of the ERA Act, the ERA is satisfied that renewing ERL9 and EDL4 would not be contrary to the public interest.