



Economic Regulation Authority

Decision on electricity retail licence and approval of standard form contract

Perdaman Energy Retail Pty Ltd (trading as
Perdaman Energy)

16 March 2022

Economic Regulation Authority

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1. Decision

1. Pursuant to section 51 of the *Electricity Industry Act 2004*, the Economic Regulation Authority approves Perdaman Energy Retail Pty Ltd's [standard form contract](#) for the sale of electricity to small use customers.¹
2. In accordance with sections 9 and 19 of the Electricity Act, the ERA grants Perdaman Energy Retail Pty Ltd (trading as Perdaman Energy) electricity retail licence [ERL31](#).
3. Subject to its terms and conditions, the licence authorises Perdaman Energy to provide electricity services in the South West Interconnected System (as set out in operating area plan [ERA-EL-159](#) in the licence).
4. The term of the licence is 15 years (the maximum period allowed by section 14 of the Electricity Act) from 17 March 2022.
5. As required by section 23(1) of the Electricity Act, the ERA will publish notice of the renewal of the licence in the Government Gazette as soon as practicable.

¹ A small use customer is a customer who consumes not more than 160 megawatt hours of electricity per year.

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. On 10 December 2021, Perdaman Energy applied for an electricity retail licence to supply electricity to small and large use business customers within the South West Interconnected System.²

2.2 Standard form contract

8. As it applied for a retail licence to supply small use customers, Perdaman Energy submitted a draft standard form contract with its retail licence application. Section 50 of the Electricity Act provides that the ERA must not grant a retail licence unless the ERA has approved the standard form contract under which the applicant will supply electricity to small use customers pursuant to the licence.
9. Under the Electricity 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.

2.3 Public consultation

11. On 17 December 2021, the ERA published Perdaman Energy's licence application for public comment. The ERA did not receive any submissions.

2.4 Assessments

2.4.1 *Financial and technical assessment*

12. Under Section 19(1) of the Electricity Act, the ERA must grant a licence if it is satisfied that the licensee has and is likely to retain, or will acquire within a reasonable time, and is then likely to retain, the financial and technical resources to undertake the activities authorised by the licence.
13. The ERA engaged financial and technical consultants to examine the financial and technical ability of Perdaman Energy to undertake the activities authorised by the licence.
14. Following the financial assessment of Perdaman Energy's application, the financial consultant concluded that Perdman Energy complies with the financial requirements of

² The SWIS covers a geographic area from Kalbarri to Albany and from Perth to Kalgoorlie.

section 19(1) of the Electricity Act. The ERA agrees with the conclusions in the financial report.

15. Following the technical assessment of Perdaman Energy's' application, the technical consultant concluded that Perdman Energy complies with the technical requirements of section 19(1) of the Electricity Act. The ERA agrees with the conclusions in the technical report.

2.4.2 Assessment of public interest

2.4.2.1 Electricity Industry Act 2004

16. Section 9 of the Electricity Act requires that the ERA must not grant a licence unless it is satisfied that it would not be contrary to the public interest to do so. Without limiting the other matters that may be taken into account, section 9(2) of the Electricity Act requires that the ERA is to take into account the matters referred to in section 8(5) of the Electricity Act when determining whether the renewal would not be contrary to the public interest.

Those matters 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.

2.4.2.2 Economic Regulation Authority Act 2003.

17. When making a decision on whether or not to renew a licence, the ERA must also have regard to the matters set out in section 26(1) on the *Economic Regulation Authority Act 2003*.³
 - 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.

³ Under section 26(2) of the ERA Act, the ERA has a discretion as to the weight it gives to the matters in section 26(1).

- 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.

2.4.2.3 *Assessment of public interest*

18. The ERA has considered:

- The matters set out in section 9(2) and section 8(5) of the Electricity Act.
 - Section 19(1) of the Electricity Act.
 - Section 26(1) of the ERA Act.
 - The outcome of the public consultation (no submissions received).
 - The reports of Perdaman Energy's financial and technical experts.
 - Evidence of Perdaman Energy's ability to undertake the activities to be authorised by the licence provided with the application.
19. As the licence regulates certain performance and service standards and provides consumer protections to customers, the ERA is satisfied that the licence will promote regulatory outcomes in the long-term interests of consumers (section 26(1)(a) and (b) of the ERA Act and section 8(5)(d) of the Electricity Act).
20. Granting the licence increases competition within the electricity retail market and encourages investment (section 26(1)(c) and (e) of the ERA Act and section 8(5)(f) of the Electricity Act)
21. The ERA conducted public consultation on the licence application and has stated in this decision the reasons for renewing the licence, which is consistent with section 26(1)(g) of the ERA Act.
22. In all circumstances, after taking into account the matters referred to in section 9(2) of the Electricity Act and section 26 of the ERA Act, the ERA is satisfied that granting an electricity retail licence to Perdaman Energy would not be contrary to the public interest.