



Economic Regulation Authority

Decision on transfer of electricity generation licence 28

Merredin Project Company Pty Ltd

30 August 2022

Economic Regulation Authority

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1. Decision

1. In accordance with sections 9 and 19 of the *Electricity Industry Act 2004*, the ERA approves the transfer of electricity generation licence [EGL28](#) from Merredin Solar Farm Nominee Pty Ltd to Merredin Project Company Pty Ltd.
2. Subject to its terms and conditions, the licence authorises Merredin Project Company to operate the Merredin Solar Farm, located approximately 260 kilometres east of Perth (the operating area is set out in plan [ERA-EL-148\(A\)](#) in the licence).
3. The licence will be transferred to Merredin Project Company on 31 August 2022 to coincide with the transfer of the ownership of the Merredin Solar Farm to the Merredin Project Company Pty Ltd.
4. The term of the licence is 30 years (the maximum period allowed by section 15 of the Electricity Act) from 19 December 2017.
5. As required by section 23(1) of the Electricity Act, the ERA will publish notice of the transfer of the licence in the Government Gazette as soon as practicable.

2. Reasons

2.1 Licence

6. Section 7(1) of the Electricity Act requires a person to hold an electricity generation licence to operate generating works.
7. On 14 March 2022, Merredin Project Company applied to transfer EGL28 from Merredin Solar Farm Nominee to Merredin Project Company.
8. EGL28 authorises the operation of the Merredin Solar Farm which has a capacity of 100 megawatts and is connected to the South West Interconnected System through Western Power's Merredin Terminal Substation.¹
9. Merredin Project Company has applied to transfer EGL28 when it completes its purchase of the solar farm from Merredin Solar Farm Nominee.

2.2 Public consultation

10. On 25 March 2022, the ERA published Merredin Project Company's licence transfer application for public comment. The ERA did not receive any submissions.

2.3 Assessments

2.3.1 *Financial and technical assessment*

11. Under section 19(1) of the Electricity Act, the ERA must transfer a licence if it is satisfied that the licensee has and is likely to retain, or will acquire within a reasonable time after the transfer, and is then likely to retain, the financial and technical resources to undertake the activities authorised by the licence.
12. The ERA engaged financial and technical consultants to examine the financial and technical ability of Merredin Project Company to undertake the activities authorised by the licence.
13. Following the financial assessment of Merredin Project Company's application, the financial consultant concluded that Merredin Project Company complies with the financial requirements of section 19(1) of the Electricity Act. The ERA agrees with the conclusion in the financial report.
14. Following the technical assessment of Merredin Project Company's application, the technical consultant concluded that Merredin Project Company complies with the technical requirements of section 19(1) of the Electricity Act. The ERA agrees with the conclusion in the technical report.

¹ The SWIS covers a geographic area from Kalbarri to Albany and from Perth to Kalgoorlie.

2.3.2 Assessment of public interest

2.3.2.1 Electricity Industry Act 2004

15. Section 9 of the Electricity Act requires that the ERA must not transfer 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.

2.3.2.2 Economic Regulation Authority Act 2003.

16. When making a decision on whether or not to transfer a licence, the ERA must also have regard to the matters set out in section 26(1) 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 of monopoly or market power.
 - g. The need to promote transparent decision-making processes that involve public consultation.

² 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).

2.3.2.3 *Assessment of public interest*

17. 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 financial and technical assessment reports on Merredin Project Company's licence transfer application.
- Information provided in Merredin Project Company's application on its ability to undertake the activities authorised by the licence.

18. The ERA is satisfied that transferring the licence to Merredin Project Company would not be contrary to the public interest, because:

- a. The transfer of EGL28 will allow Merredin Solar Farm to continue to operate and generate renewable energy for customers on the South West Interconnected System. This reduces greenhouse gas emissions, which is beneficial for the environment and is consistent with the State Government's policy objectives on renewable energy (section 8(5)(a) and (g) of the Electricity Act).
- b. The solar farm's operation supports economic and regional development (section 8(5)(c) of the Electricity Act and sections 26(1)(b) and (c) of the ERA Act).
- c. The ERA had regard to the need for transparent decision-making processes, consistent with section 26(1)(g) of the ERA Act. The ERA conducted public consultation on the licence transfer application and has stated the reasons for transferring the licence.