

Decision on:

1. Generation Licence Application
2. Transmission Licence Application
3. Distribution Licence Application
4. Retail Licence Application

for TEC Desert Pty Ltd and TEC Desert No.2 Pty Ltd trading as Southern Cross Energy Partnership.

30 June 2006

Economic Regulation Authority



WESTERN AUSTRALIA

A full copy of this document is available from the Economic Regulation Authority website at [www.era.wa.gov.au](http://www.era.wa.gov.au).

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## DECISION

1. On 30 December 2005, TEC Desert Pty Ltd and TEC Desert No.2 trading as Southern Cross Energy Partnership (**Applicant**) submitted an application to the Economic Regulation Authority (**Authority**) for a generation, transmission and distribution licence for a term of 30 years and a retail licence for a term of 15 years (**Application**). The proposed licence areas are located within the South West Interconnected System and portions of the Goldfields-Esperance and Mid-West Local Government Areas.
2. The Application was made pursuant to section 10 of the *Electricity Industry Act 2004* (**Act**).
3. Pursuant to sections 9 and 19 of the Act, the Authority approves the grant of a generation licence to the Applicant subject to, and in accordance with, the terms set out in the generation licence for a period of 30 years.
4. Pursuant to sections 9 and 19 of the Act, the Authority approves the grant of a transmission licence to the Applicant subject to, and in accordance with, the terms set out in the transmission licence for a period of 30 years.
5. Pursuant to sections 9 and 19 of the Act, the Authority approves the grant of a distribution licence to the Applicant subject to, and in accordance with, the terms set out in the distribution licence for a period of 30 years.
6. Pursuant to sections 9 and 19 of the Act, the Authority approves the grant of a retail licence to the Applicant subject to, and in accordance with, the terms set out in the retail licence for a period of 15 years.

## REASONS

1. The Authority engaged 2020 Global Pty Ltd (**2020 Global**) to examine the financial capacity of the Applicant to undertake each of the activities authorised by the respective licences. Following its assessment, 2020 Global concluded that the Applicant has access to and will likely retain the financial resources necessary to undertake the activities to be authorised by the relevant licences.
2. The Authority engaged McGill Engineering Services Pty Ltd (**McGill Engineering**) to examine the technical capacity of the Applicant to undertake each of the activities authorised by the respective licences. Following its assessment, McGill Engineering concluded that the Applicant has and will retain, the technical resources to carry out the functions authorised by the relevant licences.
3. The Authority has considered the Application and the advisers' reports and is satisfied that the Applicant meets the requirements of section 19(1) of the Act.
4. Section 9 of the Act states that the Authority must not exercise a power conferred by Division 3 of the Act (general licensing provisions) unless the Authority is satisfied that it would not be contrary to the public interest to do so.
5. A notice advising receipt of the Application was published on the Authority's website on 19 January 2006. The Authority did not receive any objection to the grant of a generation, transmission, distribution or retail licence to the Applicant.

6. In its consideration of the Application, the Authority considered the public interest, including the matters set out in section 8(5) as required by section 9(2) of the Act. The Authority is satisfied that approval of a generation, transmission, distribution and retail licence to the Applicant would not be contrary to the public interest.
7. The Authority has therefore decided to grant a generation licence to the Applicant for a period 30 years.
8. The Authority has therefore decided to grant a transmission licence to the Applicant for a period of 30 years.
9. The Authority has therefore decided to grant a distribution licence to the Applicant for a period of 30 years.
10. The Authority has therefore decided to grant a retail licence to the Applicant for a period of 15 years.
11. As required by section 23(1) of the Act, the Authority will publish notice of its approval of the Application in the *Government Gazette* as soon as is practicable.