

Decision on Distribution Licence
Application and Retail Licence
Application for WMC Resources Limited
ABN 76 004 184 598 trading as
Nickel West

24 March 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.

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DECISION

1. On 22 December 2005 WMC Resources Limited ABN 76 004 184 598 trading as Nickel West (**Applicant**) submitted a Distribution Licence Application to the Economic Regulation Authority (**Authority**) for a Distribution Licence for the distribution of electricity in the Leinster and Mt Keith areas in the northern goldfields region of Western Australia and also in the Kambalda area southern goldfields region of Western Australia.
2. On 22 December 2005 the Applicant submitted a Retail Licence Application to the Authority for a Retail Licence for the supply of electricity to customers in the Leinster and Mt Keith areas in the northern goldfields region of Western Australia and also in the Kambalda area southern goldfields region of Western Australia.
3. The Distribution Licence Application and Retail Licence Application were made pursuant to section 10 of the *Electricity Industry Act 2004* (**Act**).
4. Pursuant to section 19 and section 9 of the Act, the Authority approves the grant of a Distribution Licence to the Applicant to supply electricity subject to, and in accordance with, the terms set out in the Licence. The term of the licence is 30 years.
5. Pursuant to section 19 and section 9 of the Act, the Authority approves the grant of a Retail Licence to the Applicant to supply electricity subject to, and in accordance with, the terms set out in the Licence. The term of the licence is 15 years.

REASONS

1. The Authority engaged **Stamfords Advisors and Consultants Pty Ltd** to examine the financial capacity of the Applicant to undertake the activities authorised by the Distribution Licence and the Retail Licence. Following the assessment Stamford Advisors and Consultants Pty Ltd concluded that the Applicant has the financial resources to undertake the activities authorised by the Distribution Licence and Retail Licence under the Act.
2. The Authority engaged McGill Engineering Services Pty Ltd (**McGill Engineering**) to examine the technical capacity of the Applicant to undertake activities authorised by the Distribution Licence and the Retail Licence. Following the assessment McGill Engineering concluded that the Applicant has the technical resources to undertake the activities authorised by the Distribution Licence and Retail Licence under the Act.
3. The Authority has considered the Distribution and Retail Licence Applications 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. Following receipt of the Distribution and Retail Licence Applications, a notice regarding receipt of the Distribution and Retail Licence Applications were published on the Authority's website in January 2006. The Authority did not

receive any objection to the grant of the Distribution Licence and the Retail Licence to the Applicant.

6. In its consideration of the Applications, the Authority considered the public interest, including the matters set out in section 8(5) of the Act as required by section 9(2) of the Act. The Authority is satisfied that approval of a Distribution Licence and Retail Licence to the Applicant would not be contrary to the public interest.
7. The Authority has therefore decided to grant:
 - i) a Distribution Licence to the Applicant for the distribution of electricity in the Leinster and Mt Keith areas in the northern goldfields region of Western Australia and also in the Kambalda area southern goldfields region of Western Australia. The term of the Distribution Licence is 30 years; and
 - ii) a Retail Licence to the Applicant for the supply of electricity to customers in the Leinster and Mt Keith areas in the northern goldfields region of Western Australia and also in the Kambalda area southern goldfields region of Western Australia. The term of the Retail Licence is 15 years.
8. As required by section 23(1) of the Act, the Authority will publish a notice of its approval of the Applications in the *Government Gazette* as soon as is practicable