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Dear Adam

#### INVITATION FOR SUBMISSION: DRAFT GENERATION LICENCE

The Corporation is aware that public submissions have been invited on the draft Generation Licence for the electricity industry, to be administered by the Authority.

A licensing regime has been in place for the water industry in WA since 1996 and the Corporation has experience as a licensee. We understand from correspondence with the Authority that this draft format will be considered for application to water Operating Licences later in 2005. The Corporation provides comment on the draft Generation Licence primarily to the extent that the format may impact on future water Operating Licences. On this basis, the following general observations are provided:

- The draft licence format is relatively short and generally written in plain English which is supported.
- The Water Corporation has a similar "Clause" and "Schedule" format in its current Operating Licence. The experience of readers of our licence is that it can be misleading to have more than one location in the same document where requirements are held (eg relating to time periods for the Audit and the Asset management reviews).

*It is suggested that the Authority reconsider the separation of clauses and schedules and place all requirements for a particular commitment under a single heading.*

- Clauses 11.2 and 11.3 and Schedule 1 Clause 3 of the draft licence requires notification to the Authority of breaches in legislation. This may be undesirable where the legislation is administered by an agency other than ERA as it can lead to divergent regulatory responses.

*It is suggested that the requirement to notify should be limited to significant compliance breaches specific to requirements in the licence, where the authorising legislation does not already specify notification requirements. Minor breaches will be identified by audits.*