

Decision on Generation and Transmission Licence Applications for NewGen Neerabup Partnership

26 March 2008

Economic Regulation Authority



WESTERN AUSTRALIA

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DECISION

1. On 15 October 2007, NewGen Neerabup Partnership (Applicant) comprising ERM Neerabup Pty Ltd (ACN 126 964 583) and BBP Neerabup Power Pty Ltd (ACN 128 916 478) submitted a licence application to generate and transmit electricity from a gas-fired power station in the Neerabup Industrial Estate in the City of Wanneroo. The plate capacity of the Power Station is 330MW.
2. The Generation and Transmission Licence Applications were 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 to generate electricity 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 to transmit electricity subject to, and in accordance with, the terms set out in the Transmission Licence for a period of 30 years.

REASONS

1. The Authority engaged consultants Stamfords Advisors Consultants to examine the financial capacity of the Applicant to undertake the activities authorised by the generation and transmission licences. Following the assessment, Stamfords Advisors Consultants concluded that the Applicant has and will likely retain the financial resources to undertake the activities to be authorised by the licences.
2. The Authority engaged consultants McGill Engineering Services Pty Ltd to examine the technical capacity of the Applicant to undertake activities authorised by the generation and transmission licences. Following the assessment McGill Engineering Services Pty Ltd concluded that the Applicant has and is likely to retain the technical resources to undertake the activities authorised by the licences.
3. The Authority has considered the Generation and Transmission Licence Applications including the advisors' assessment conducted for the purpose of the Generation and Transmission Licence Applications 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 seeking public submissions on the Generation and Transmission Licence Applications was published on the Authority's web site on 22 October 2007. The Authority did not receive any comments or objections to the grant of generation and transmission licences 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) of the Act as required by section 9(2). The Authority is satisfied that approval of generation and transmission licences to the Applicant would not be contrary to the public interest.

7. The Authority has therefore decided to grant generation and transmission licences to the Applicant for the generation and transmission of electricity in the South West Interconnected System (SWIS) for a period of 30 years.
8. As required by section 23(1) of the Act, the Authority will publish a notice of its approval of the Application in the *Government Gazette* as soon as is practicable.

LYNDON ROWE
CHAIRMAN