

Decision on gas trading licence application and standard form contract

Amanda Energy Pty Ltd

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Economic Regulation Authority

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Decision

1. Pursuant to section 11WF of the *Energy Coordination Act 1994 (Act)*, the Economic Regulation Authority (**ERA**) approves the [standard form contract](#) for the sale of gas to small use business customers¹ submitted by Amanda Energy Pty Ltd (**Amanda Energy**).
2. Pursuant to sections 11K and 11S of the Act, the ERA has approved the grant of [Gas Trading Licence No. 15](#) to Amanda Energy.
3. Subject to its terms and conditions, the licence authorises Amanda Energy to sell gas transported through a distribution system² to small use business customers for 10 years (the maximum term allowed by section 11O of the Act).
4. As required by section 11T of the Act, the ERA will publish a notice of the grant of licence in the Government Gazette as soon as practicable.

Reasons

5. On 30 June 2017, Amanda Energy [applied](#) for a gas trading licence to sell gas to small use business customers within the Coastal Supply Area.³
6. Section 11G of the Act requires a person to hold a gas trading licence to sell gas to small use customers that is transported through a distribution system.

Grant of licence

7. Under section 11S(1) of the Act, the ERA must grant a licence if it is satisfied that the applicant has and is likely to retain, or will acquire within a reasonable timeframe, and is then likely to retain, the financial and technical resources to undertake the activities authorised by the licence.
8. The ERA engaged financial and technical consultants to examine Amanda Energy's financial and technical resources to undertake the activities to be authorised by a licence. Following the assessment of the application:
 - The financial consultant concluded that Amanda Energy complies with the financial requirements under section 11S(1) of the Act.
 - The technical consultant concluded that Amanda Energy complies with the technical requirements under section 11S(1) of the Act.
9. Section 11K of the Act requires that the ERA must not grant a licence unless it is satisfied that it would not be contrary to the public interest to do so. Section 11H(3) of the Act, without limitation, specifies the matters the ERA must consider.

¹ A 'small use customer' is a customer whose annual consumption of gas is not more than 1 terajoule.

² 'Distribution system' is defined in section 3 of the Act and includes a system of pipelines, mains, and gas service pipes, designed to operate at a pressure of less than 1.9 megapascals, for the transportation of gas to customers.

³ The 'Coastal Supply Area' stretches from Geraldton to Augusta and includes the Perth metropolitan area. The boundaries of this area are defined in map ERA-GAS-015, which is part of the licence.

10. From 14 July 2017 to 10 August 2017, the ERA sought public comment on Amanda Energy's licence application in accordance with the ERA's [Public Consultation Guidelines – Electricity, Gas and Water Licences and Electricity & Gas Standard Form Contracts](#) (**Consultation Guidelines**). The ERA received no submissions.
11. The ERA has considered the matters set out in section 11H(3) of the Act, as required by section 11K. Having regard to this, and the assessments of Amanda Energy's financial and technical resources to undertake the activities to be authorised by the licence, the ERA is satisfied that granting a gas trading licence to Amanda Energy would not be contrary to the public interest.
12. As Amanda Energy has applied for a gas trading licence to supply small use business customers only, a licence condition in clause 2.1 of the licence prohibits Amanda Energy from supplying residential customers. If Amanda Energy wishes to supply residential customers in the future, it must apply to the ERA for a licence amendment.

Approval of standard form contract

13. Section 11WE of the Act provides that the ERA must not grant or renew, or approve a transfer of, a gas trading licence unless the applicant has submitted a draft standard form contract, and the ERA has approved the standard form contract under which the applicant will supply gas to customers pursuant to the licence.
14. Amanda Energy provided its draft standard form contract for the supply of gas to small use business customers with its licence application. The ERA provided feedback to Amanda Energy following its review of the contract. In response to this feedback, Amanda Energy amended the draft contract.
15. In accordance with the Consultation Guidelines, the ERA undertook public consultation on the proposed standard form contract from 31 August 2017 to 21 September 2017. The ERA did not receive any submissions.
16. Under section 11WF of the Act, the ERA must not approve a standard form contract if it considers that the contract will not meet the requirements of the *Energy Coordination (Customer Contracts) Regulations 2004*, will be inconsistent with the Act or any other written law, or will be inconsistent with any term, condition or provision of the licence.
17. The ERA has considered Amanda Energy's proposed gas standard form contract and is satisfied that it meets the requirements of section 11WF of the Act to supply gas to small use business customers.