

Decision on Generation Licence Application for Alcoa of Australia Limited ABN 93 004 879 298

26th June 2006

Economic Regulation Authority



WESTERN AUSTRALIA

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DECISION

1. On 19th December 2005 Alcoa of Australia Ltd ABN 93 004 879 298 (**Applicant**) submitted an application to the Economic Regulation Authority (**Authority**) for a Generation Licence to operate generation facilities on land owned by the Applicant and located within its Kwinana, Wagerup and Worsley Alumina Refinery sites in the State of Western Australia.
2. The Generation Licence Application was made pursuant to section 10 of the *Electricity Industry Act 2004* (**Act**).
3. Pursuant to section 19 and section 9 of the Act, the Authority approves the grant of a Generation Licence to the Applicant to generate the supply of electricity subject to, and in accordance with, the terms set out in the Generation Licence. The term of the Generation Licence is 30 years.

REASONS

1. The Authority engaged Stamfords Business Consultants Pty Ltd (**Stamfords**) to examine the financial capacity of the Applicant to undertake the activities authorised by the Generation Licence. Following the assessment, Stamfords concluded that the Applicant has and will likely retain the financial resources to undertake the activities to be authorised by the Generation Licence.
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 Generation Licence. Following the assessment McGill Engineering concluded that the Applicant has and will retain the technical resources to carry out the functions authorised by a Generation Licence.
3. The Authority has considered the Generation Licence 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. Following receipt of the Generation Licence Application, a notice regarding receipt of the Generation Licence Application was published on the Authority's website in January 2006. The Authority did not receive any objection to the grant of a Generation Licence to the Applicant.
6. In its consideration of the Generation Licence 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) of the Act. The Authority is satisfied that approval of a Generation Licence to the Applicant would not be contrary to the public interest.
7. The Authority has therefore decided to grant a Generation Licence to Alcoa of Australia Limited ABN 93 004 879 298 for the operation of generation facilities on land owned by the Applicant and located within its Kwinana, Wagerup and Worsley Alumina Refinery sites in the State of Western Australia. The term of the Generation Licence is 30 years.

8. As required by section 23(1) of the Act, the Authority will publish a notice of its approval of the Generation Licence application in the *Government Gazette* as soon as is practicable.