

Decision on Gas Trading and Gas Distribution Licence Applications - Origin Energy

9 June 2008

Economic Regulation Authority



WESTERN AUSTRALIA

A full copy of this document is available from the Economic Regulation Authority web site at www.era.wa.gov.au.

For further information, contact:

Mr Paul Kelly
Executive Director
Licensing, Monitoring and Customer Protection Division
Economic Regulation Authority
Perth, Western Australia
Phone: (08) 9213 1900

© Economic Regulation Authority 2008

The copying of this document in whole or part for non-commercial purposes is permitted provided that appropriate acknowledgment is made of the Economic Regulation Authority and the State of Western Australia. Any other copying of this document is not permitted without the express written consent of the Authority.

DECISION

1. On 11 April 2007, Origin Energy Retail Pty Ltd (Applicant) ABN 22 078 868 425 submitted its applications to the Economic Regulation Authority (Authority) for a gas trading licence and gas distribution licence (Application). The Applicant is seeking to supply Liquefied Petroleum Gas (LPG) to Super Lot in George Grey Road Kalbarri, the Kalbarri Vision Development.
2. The Licence Application was made pursuant to section 11L of the *Energy Coordination Act 1994* (Act).
3. Pursuant to section 11K and 11S of the Act, the Authority approves the grant of a gas trading licence and gas distribution licence to the Applicant subject to, and in accordance with, the terms set out in the Trading Licence for a period of 10 years, and subject to, and in accordance with, the terms set out in the Distribution Licence for a period of 21 years, both commencing on 9 June 2008.

REASONS

1. Pursuant to section 11S of the Act, the Authority may grant a licence if it is satisfied that the Applicant has and is likely to retain the financial and technical resources to carry out the functions authorised by the licence under the Act.
2. The Authority engaged 2020 Global to examine the financial capacity of the Applicant to undertake the activities authorised by the trading licence. It is Global's conclusion, that the Applicant has, and is likely to retain the financial resources to undertake the activities authorised, or to be authorised, by a gas trading licence and a gas distribution licence.
3. The Authority engaged consultants Overdrive Holdings Pty Ltd trading as Qualeng (Qualeng) to examine the technical capacity of the Applicant to undertake activities authorised by a trading licence and a distribution licence. Following the assessment Qualeng concluded that the Applicant has, and is likely to retain or will acquire within a reasonable time after the grant, and is then likely to retain, the technical resources to undertake the activities authorised, or to be authorised, by a gas trading licence.
4. Section 11K of the Act states that the Authority must not exercise a power conferred by Part 2A Division 4 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 regarding receipt of the Application was published on the Authority's web site in April 2007. The Authority received no objections to the grant of licences to the Applicant.
4. In its consideration of the Application, the Authority considered the public interest, including the matters set out in section 11H(3) of the Act as required by section 11K(2). Accordingly, the Authority is satisfied that approval of the grant of a trading licence and a gas distribution licence to the Applicant would not be contrary to the public interest.
5. In accordance with section 11WE of the Act, the Authority can only grant a trading licence if it has approved the Standard Form Contract under which the applicant intends to supply gas. On 13 August 2007, the Authority approved the Gas Standard Form Contract submitted by the Applicant.

6. The Authority has therefore decided to grant a trading licence for 10 years in accordance with section 11O(b) of the Act and a distribution licence to the Applicant for a term of 21 years in accordance with section 11O(a) of the Act.
7. 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