

Decision on Gas Trading licence Application - Perth Energy

30 November 2009

Economic Regulation Authority



WESTERN AUSTRALIA

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DECISION

1. Perth Energy Pty Ltd (Applicant) ACN 087 386 445, submitted a gas trading licence application to the Economic Regulation Authority (Authority) pursuant to section 11L of the *Energy Coordination Act 1994* (WA) (Act).
2. Pursuant to section 11K and 11S of the Act, the Authority approves the grant of a gas trading licence to the Applicant, subject to, and in accordance with, the terms set out in the trading licence for a period of 10 years, in accordance with 11O(b), commencing 30 November 2009 and expiring on 29 November 2019.
3. As required by section 11T(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.

BACKGROUND

On 3 June 2009, the Applicant submitted its application to the Authority for a gas trading licence (Application). The Applicant is seeking “to procure gas on the wholesale market and supply gas to business customers that use 2TJs [terajoules] or more per annum. The current transmission and distribution infrastructure will be utilised to supply gas under a non-standard contract”.

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.

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.

A notice regarding receipt of the Application was published on the Authority’s web site on 12 June 2009 and submissions closed on 3 July 2009. The Authority received no submissions to the grant of a licence to the Applicant.

REASONS

1. The Authority engaged 2020 Global Pty Ltd (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.
2. The Authority engaged consultant McGill Engineering Services Pty Ltd (McGill) to examine the technical capacity of the Applicant to undertake activities authorised by a trading licence. Following the assessment, McGill 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.
3. 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 to the Applicant would not be contrary to the public interest.

4. 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 3 September 2009, the Authority approved the Gas Standard Form Contract submitted by the Applicant.

LYNDON ROWE

CHAIRMAN