

# Electricity Licence Review 2010 - Final Decision

1 December 2010

Economic Regulation Authority

 WESTERN AUSTRALIA

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## DECISION

1. The Economic Regulation Authority (**Authority**) approves the Electricity Licence Review 2010 Final Report, including the recommendations and the new licence templates contained within the Final Report.
2. In accordance with section 22 of the *Electricity Industry Act 2004* (**Act**) the Authority will issue new licences by substitution to all existing licensees and allow 15 business days for the lodgement of objections.

## BACKGROUND

3. The Act governs the operation of the electricity licensing regime in Western Australia (**WA**) and defines the role and powers of the Authority with regard to licensing, monitoring and enforcement.
4. Under the Act, participants in the electricity industry who intend to, or currently, generate, transmit, distribute or sell electricity must hold an electricity licence (unless otherwise exempt).
5. The Authority commenced the Electricity Licence Review 2010 in August 2010.
6. The scope of the review was to examine:
  - the format of all electricity licences;
  - the terms and conditions contained within all template electricity generation, transmission, distribution, retail and integrated regional licences;
  - whether current deviations from the template licences should continue to exist; and
  - whether further deviations from the template licences should be created, and, if so, in what circumstances.
7. The review did not include examination of:
  - electricity legislation or subsidiary legislation; or
  - licence exemptions.
8. The review objectives were to:
  - reflect the current regulatory environment and promote consistent licence regulation across the utility sector;
  - improve consistency between operating licences both within the electricity licence types and between electricity, gas and water licences;
  - enhance consumer protection, including providing scope for improved compliance;
  - reduce the regulatory burden on business, particularly by removing spent, redundant or inappropriate licence provisions and thereby reducing compliance costs; and
  - utilise best practice principles of utility licensing.

9. The Electricity Licence Review 2010 Discussion Paper was released for public consultation on 23 August 2010.
10. Five submissions were received by the closing date. Copies of these submissions are available on the Authority's website.

## REASONS

11. The Authority has:
  - published a Discussion Paper;
  - received and considered submissions;
  - made decisions with regard to each of its original recommendations contained within the Discussion Paper; and
  - made amendments to these proposals where appropriate and determined new amendments.
12. The amendments approved to licences are consistent with the scope of the licence review.
13. All licences have been reformatted to ensure that the style and logos used are consistent with the current Authority approved style guide. Each of the licence templates has been amended to ensure consistent numbering of clauses which will streamline the monitoring of compliance with licence conditions.
14. A number of amendments have been made to improve consistency between the licences and superior legislation. For example, the asset management clause has been re-structured and re-worded to match the provisions contained within the Act.
15. The Authority has also provided an opportunity for stakeholders to comment as to whether further amendments should be made to licence clauses.
16. A number of licences contained deviations from the original template licence. Following consultation, the Authority has agreed that these provisions should be retained and moved to a schedule containing licensee specific clauses.
17. The Authority has determined that it is appropriate for all statutory licence obligations to be included within the body of the licence and will include these where they were, in some cases, previously omitted. For example, some statutory licence obligations applicable to both Horizon Power and Synergy were included only in the Horizon Power licence.
18. Redundant provisions have been removed from the licence. For example, the Authority has removed, from the *Code of Conduct for the Supply of Electricity to Small Use Customers*, the requirement that retailers and distributors produce a customer service charter. As a result, the provisions related to customer service charters have been removed from the retail, distribution and integrated regional licences.
19. Amendments have been made to extend the number of days that licensees have to inform the Authority in relation to the existence of an asset management system or the reporting of a change in circumstances.

20. Specific decisions with regard to each amendment, a more thorough explanation of the Authority's reasons for these decisions and a copy of the new licence templates are contained within the Final Report attached and also available on the Authority's website.