

Decision on Generation Licence Application and Transmission Licence Application for Alinta Cogeneration (Pinjarra) Pty Limited ABN 12 102 893 309

10 April 2006

Economic Regulation Authority



WESTERN AUSTRALIA

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For further information, contact:

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

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DECISION

1. On 22 December 2005 Alinta Cogeneration (Pinjarra) Pty Limited ABN 12 102 893 309 (**applicant**) submitted an application to the Economic Regulation Authority (**Authority**) for a Generation Licence to operate the existing electricity generating works and construct an additional generating works on land adjacent to the Alcoa Alumina Refinery at Pinjarra in Western Australia.
2. On 22 December 2005 the applicant submitted an application to the Authority for a Transmission Licence to operate existing electricity transmission assets originating at generating works on land located adjacent to the Alcoa Alumina Refinery at Pinjarra and terminating at the Western Power Transmission Station located at Pinjarra in Western Australia. In addition the applicant is seeking to construct and operate proposed transmission assets originating on land located adjacent to the Alcoa Alumina Refinery at Pinjarra and terminating at the Western Power Transmission Station located at Oakley in Western Australia. The proposed licence area is located within the South West interconnected system (**SWIS**).
3. The Generation and Transmission Licence Applications were made pursuant to section 10 of the *Electricity Industry Act 2004* (**Act**).
4. 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.
5. Pursuant to section 19 and section 9 of the Act, the Authority approves the grant of a Transmission Licence to the Applicant to supply electricity subject to, and in accordance with, the terms set out in the Transmission Licence. The term of the Transmission Licence is 30 years.

REASONS

1. The Authority engaged 2020 Global Pty Ltd (**2020 Global**) to examine the financial capacity of the Applicant to undertake the activities authorised by the Generation Licence and the Transmission Licence. Following the assessment, 2020 Global concluded that the Applicant has access to and will likely retain the financial resources to undertake the activities authorised by the Generation Licence and the Transmission Licence under the Act.
2. The Authority engaged ETSA Utilities Pty Ltd (**ETSA Utilities**) to examine the technical capacity of the Applicant to undertake activities authorised by the Generation Licence and the Transmission Licence. Following the assessment ETSA Utilities concluded that the Applicant on the basis of the technical assessment, be granted the Generation Licence and Transmission Licence they applied for.
3. The Authority has considered the Generation and Transmission Licence Applications 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 and Transmission Licence Applications, a notice regarding receipt of the Generation and Transmission Licence Applications was published on the Authority's website in January 2006. The Authority did not receive any objection to the grant of the Generation Licence and the Transmission Licence to the Applicant.
6. In its consideration of the Applications, 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 and Transmission Licence to the Applicant would not be contrary to the public interest.
7. The Authority has therefore decided to grant:
 - i) a Generation Licence to the Applicant for the construction and operation of the Generating Works located on land adjacent to the Alcoa Alumina Refinery at Pinjarra Western Australia. The term of the Generation Licence is 30 years; and
 - ii) a Transmission Licence to the Applicant for the operation of the Transmission Assets extending from the Generating Works located on land adjacent to the Alcoa Alumina Refinery at Pinjarra Western Australia and terminating at the Western Power Transmission station located at Pinjarra Western Australia. In addition the Transmission Licence has been granted for the construction and operation of proposed transmission assets originating on land adjacent to the Alcoa Alumina Refinery at Pinjarra Western Australia and terminating at the Western Power Transmission Station located at Oakley Western Australia. The term of the Transmission 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 Applications in the *Government Gazette* as soon as is practicable.