

# Decision on Generation Licence Application and Transmission Licence Application for Alinta Cogeneration (Wagerup) Pty Limited ABN 62 111 280 614

24 March 2006

Economic Regulation Authority



WESTERN AUSTRALIA

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## DECISION

1. On 7 February 2006 Alinta Cogeneration (Wagerup) Pty Limited ABN 62 111 280 614 (**Applicant**) submitted an application to the Economic Regulation Authority (**Authority**) for a Generation Licence to construct and operate the electricity generating works at the Alcoa Alumina Refinery at Wagerup in Western Australia.
2. On 27 February 2006 the applicant submitted an application to the Authority for a Transmission Licence to construct and operate an electricity transmission line originating at generating works at the Alcoa Alumina Refinery at Wagerup and terminating at the Western Power Transmission station located at Landwehr in Western Australia. The proposed licence area is located within the 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 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 Licence. The term of the Transmission Licence is 30 years.

## REASONS

6. The Authority engaged Stamfords Advisors Consultants (**Stamfords**) to examine the financial capacity of the Applicant to undertake the activities authorised by the Generation Licence and the Transmission Licence. Following the assessment, Stamfords concluded that the Applicant has the financial resources to undertake the activities authorised by the Generation Licence and the Transmission Licence under the Act.
7. 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 and the Transmission Licence. Following the assessment McGill Engineering concluded that the Applicant has the technical resources to undertake the activities authorised by the Generation Licence and Transmission Licence under the Act.
8. 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.
9. 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.
10. 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.

11. 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.
12. The Authority has therefore decided to grant:
  - i) a Generation Licence to the Applicant for the construction and operation of the Generating Works located within the Alcoa Alumina Refinery at Wagerup Western Australia. The term of the Generation Licence is 30 years; and
  - ii) a Transmission Licence to the Applicant for the construction and operation of the Transmission Line extending from the Generating Works located within the Alcoa Alumina Refinery at Wagerup and terminating at the Western Power Transmission station located at Landwehr in Western Australia. The term of the Transmission Licence is 30 years.
13. 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.