

Decision on:

Integrated Regional Licence Application

for Rottnest Island Authority

Economic Regulation Authority



WESTERN AUSTRALIA

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DECISION

1. On 10 January 2006 the Rottnest Island Authority ABN 38 836 160 172 (**Applicant**) submitted an application to the Economic Regulation Authority (**Authority**) for an Integrated Regional Licence (**Application**). The proposed licence area is Rottnest Island.
2. The Application was made pursuant to section 10 of the *Electricity Industry Act 2004* (**Act**).
3. Pursuant to section 51 of the Act, the Authority approves the standard form contract proposed by the Applicant dated 23 May 2006.
4. Pursuant to section 9 and 19 of the Act, the Authority approves the grant of an Integrated Regional Licence to the Applicant, for the generation, distribution and sale of electricity, for a period of 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 Integrated Regional Licence. Following its assessment, 2020 Global concluded that the Applicant has access to and will likely retain the financial resources necessary to undertake the activities to be authorised by the Licence.
2. The Authority engaged ETSA Utilities (**ETSA**) to examine the technical capacity of the Applicant to undertake activities authorised by the Integrated Regional Licence. Following the assessment ETSA recommended that the Applicant be granted an integrated regional licence subject to the Applicant:
 - engaging suitable consultants to provide expert advice on high voltage infrastructure, as required; and
 - conducting periodic technical audits of their high voltage infrastructure particularly in relation to electrical protection systems to ensure adequate protection for public safety and both the Applicant and customer equipment.
3. In response to the ETSA assessment, the Authority:
 - notes that the electricity supply arrangements on the Island do not involve the transmission of electricity. However, the Applicant was requested to ensure that any consultant engaged by the Applicant for the provision of high voltage electrical services on the Island possesses the necessary capability; and
 - has imposed a licence condition which requires the Applicant to report to the Authority on the first operational audit and asset management system effectiveness review by 30 April 2007.

4. The Authority has considered the Application and the advisers' reports and is satisfied that the Applicant meets the requirements of section 19(1) of the Act.
5. 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. Following receipt of the Application, a notice regarding receipt of the Application was published on the Authority's website on 16 January 2006. The Authority did not receive any objection to the grant of an Integrated Regional Licence to the Applicant. Accordingly, the Authority is satisfied that approval of an Integrated Regional Licence to the Applicant would not be contrary to the public interest.
6. The Authority has therefore decided to approve the standard form contract proposed by the Applicant and grant an Integrated Regional Licence for a period of 30 years.
7. As required by section 23(1) of the Act, the Authority will publish notice of its approval of the Application in the *Government Gazette* as soon as is practicable.