

Decision on Electricity Retail Licence Application

Southern Energy WA Pty Ltd

30 November 2017

Economic Regulation Authority

WESTERN AUSTRALIA

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Decision

1. Pursuant to sections 9 and 19 of the *Electricity Industry Act 2004* (**Act**), the Economic Regulation Authority (**ERA**) has approved the grant of Electricity Retail Licence No. 27 to Southern Energy WA Pty Ltd (**Southern Energy**) for a period of 15 years.
2. The licence authorises Southern Energy to sell electricity to large use customers only,¹ subject to, and in accordance with, the terms and conditions set out in the licence.
3. As required by section 23(1) of the Act, the ERA will publish a notice of the grant of licence in the Government Gazette as soon as practicable.

Reasons

4. On 21 September 2017, Southern Energy applied for an electricity retail licence to sell electricity to large use customers within the South West Interconnected System (Western Power's network).
5. Under section 19(1) of the Act, the ERA must grant a licence if it is satisfied that the applicant has and is likely to retain, or will acquire within a reasonable timeframe, and is then likely to retain, the financial and technical resources to undertake the activities authorised by the licence.
6. The ERA engaged financial and technical consultants to examine the financial and technical capacity of Southern Energy to undertake the activities authorised by an electricity retail licence that permits the sale of electricity to large use customers.
7. Following the financial assessment of the application submitted by Southern Energy, the financial consultant concluded that Southern Energy complies with the financial requirements under section 19(1) of the Act.
8. Following the technical assessment of the application submitted by Southern Energy, the technical consultant concluded that Southern Energy complies with the technical requirements under section 19(1) of the Act.
9. The ERA considered the electricity retail licence application submitted by Southern Energy, along with the consultants' assessments and is satisfied that Southern Energy meets the requirements of section 19(1) of the Act.
10. Section 9 of the Act requires that the ERA must not grant an electricity licence unless it is satisfied that it would not be contrary to the public interest to do so. Section 8(5) of the Act, without limitation, specifies the matters to be considered by the ERA in this regard.
11. On 20 October 2017, the ERA published a notice seeking public comment on Southern Energy's licence application. The submission period closed on 10 November 2017. No submissions were received.

¹ A 'large use customer' is a customer who consumes more than 160 megawatt hours of electricity per year.

12. The ERA has considered the public interest, including all of the matters set out in section 8(5) of the Act, as required by section 9(2). Having regard to this, the outcomes of the public consultation process and the assessments of Southern Energy's financial and technical resources to undertake the activities to be authorised by the licence, the ERA is satisfied that granting an electricity retail licence to Southern Energy will not be contrary to the public interest.