

Decision on Gas Trading Licence Application for Synergy (Electricity Retail Corporation)

26 June 2007

Economic Regulation Authority



WESTERN AUSTRALIA

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For further information, contact:

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

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DECISION

1. On 18 April 2007, Synergy (Electricity Retail Corporation) ABN 71 743 446 839 (**Applicant**) submitted an application to the Economic Regulation Authority (**Authority**) for a gas trading licence (**Application**). The proposed licence area equivalent to the South West Interconnected System (SWIS).
2. The Licence Application was made pursuant to section 11L of the *Energy Coordination Act 1994* (**Act**).
3. Pursuant to section 11K and 11S of the Act, the Authority approves the grant of an gas trading licence to the Applicant subject to, and in accordance with, the terms set out in the trading licence for a period of 10 years, commencing 1 July 2007.

REASONS

1. Pursuant to section 11S of the Act, the Authority may grant a licence if it is satisfied that the Applicant has and is likely to retain the financial and technical resources to carry out the functions authorised by the licence under the Act.
2. The Authority engaged 2020 Global to examine the financial capacity of the Applicant to undertake the activities authorised by the trading licence. It is Global's conclusion, that the Applicant has, and is likely to retain or will acquire within a reasonable time after the grant, and is then likely to retain, the financial resources to undertake the activities authorised, or to be authorised, by a gas trading licence.
3. The Authority engaged consultants Parsons Brinckerhoff International (Aust) Pty Ltd (PB Associates) to examine the technical capacity of the Applicant to undertake activities authorised by the trading licence. Following the assessment PB Associates concluded that the Applicant has, and is likely to retain or will acquire within a reasonable time after the grant, and is then likely to retain, the technical resources to undertake the activities authorised, or to be authorised, by a gas trading licence.
4. Section 11K of the Act states that the Authority must not exercise a power conferred by Part 2A Division 4 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. A notice regarding receipt of the Application was published on the Authority's web site in April 2007. The Authority received no objections to the grant of the licence to the Applicant.
6. In its consideration of the Application, the Authority considered the public interest, including the matters set out in section 11H(3) of the Act as required by section 11 K(2). Accordingly, the Authority is satisfied that approval of the grant of a trading licence to the Applicant would not be contrary to the public interest.
7. In accordance with section 11WE of the Act, the Authority can only grant a trading licence if it has approved the Standard Form Contract under which the applicant intends to supply gas. On 11 April 2007, the Authority approved the Gas Standard Form Contract submitted by the Applicant.
8. The Authority has therefore decided to grant a trading licence to the Applicant for a term of 10 years in accordance with section 11O (b) of the Act.

9. As required by section 23(1) of the Act, the Authority will publish a notice of its approval of the Application in the *Government Gazette* as soon as is practicable.

LYNDON ROWE

CHAIRMAN