

Decision - Gas Trading Licence Renewal Application

Wesfarmers Kleenheat Gas Pty Ltd

6 September 2011

Economic Regulation Authority

WESTERN AUSTRALIA

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For further information, contact:

Economic Regulation Authority
Perth, Western Australia
Phone: (08) 9213 1900

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DECISION

1. In accordance with section 11K and 11S of the *Energy Coordination Act 1994* (**Act**), the Authority approves the renewal of Wesfarmers Kleenheat Gas Pty Ltd's (**Applicant**) Gas Trading Licence 10 to supply gas to small use customers in the Coastal, Great Southern, Goldfields-Esperance and Wheatbelt gas supply areas for a period of 10 years.
2. As required by section 11T(1) of the Act, the Authority will publish a notice of its approval of the application for renewal in the *Government Gazette* as soon as is practicable.

REASONS

1. On 6 September 2001, the Applicant was granted Gas Trading Licences 4 and 5 for the maximum period of 10 years under the Act. In August 2007, these licences were substituted with Gas Trading Licence 10 (**GTL10**) which expires on 5 September 2011. GTL10 authorises the Applicant to sell gas to small use customers in the Coastal, Great Southern, Goldfields-Esperance and Wheatbelt gas supply areas of Western Australia.
2. On 18 July 2011, the Applicant submitted an application for the renewal of its gas trading licence pursuant to section 11P of the Act.
3. Subject to section 11S and section 11K of the Act, the Authority must renew a licence if it is satisfied that the Applicant:
 - has and is likely to retain; or
 - will acquire within a reasonable time after the renewal and then is likely to retain,
 the financial and technical resources to carry out the functions authorised by the licence under the Act.
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 website on 20 July 2011 and submissions closed on 10 August 2011. The Authority received no submissions concerning the application to renew the Applicant's licence.
6. The Authority engaged 2020Global to examine the financial capacity of the Applicant to undertake the activities authorised by the gas trading licence. Following the assessment, 2020Global concluded that, for the purpose of section 11S of the Act, the Applicant has access to and will likely retain the financial resources necessary to continue to undertake the activities authorised by the licence. The Authority agrees with this conclusion.
7. The Authority engaged consultants Qualeng to examine the technical capacity of the Applicant to undertake activities authorised by a trading licence. Following the assessment, Qualeng concluded that the Applicant has, and is likely to retain the

technical resources to undertake the activities authorised, or to be authorised, by a gas trading licence. The Authority agrees with this conclusion.

8. 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 11K(2). Accordingly, the Authority is satisfied that approval of the renewal of a trading licence to the Applicant would not be contrary to the public interest.
9. In accordance with section 11WE of the Act, the Authority can only renew a trading licence if it has approved the Standard Form Contract under which the applicant intends to supply gas. The Applicant has an approved Standard Form Contract.



LYNDON ROWE
CHAIRMAN