



Electricity Supply Industry Act 1995

Statement of Reasons

Retail Licence Application

TRUenergy Pty Ltd

ABN 99 086 014 968

18 June 2007

BACKGROUND

Pursuant to the *Electricity Supply Industry Act 1995* (ESI Act), the Regulator is responsible for administering the licensing system for electricity entities. The Regulator has the authority to consider and determine licence applications, and can refuse or issue licences for the generation, transmission, distribution and retailing of electricity.

On 16 May 2007, the Regulator received an application from TRUenergy Pty Ltd (TRUenergy) for an electricity retail licence. TRUenergy has its principal place of business in Melbourne and brings together under one name the businesses previously known as Yallourn Energy, AusPower and the TXU energy business. TRUenergy has as its shareholder, CLP Australia Energy Holdings Pty Ltd (100%). TRUenergy holds retail licences in NSW, Victoria, South Australia, ACT and Queensland.

CONSULTATION

The Regulator invited public comment in respect of the licence application by way of notice in the *Mercury*, *Advocate* and *Examiner* newspapers and on the Regulator's website at www.energyregulator.tas.gov.au.

Consultation commenced 26 May 2007 and concluded 15 June 2007. No submissions were received.

REGULATOR'S ASSESSMENT

The Regulator undertook a 'due diligence' assessment of the licence application from TRUenergy, having regard to its compliance with statutory licence application requirements.

The relevant provisions of the ESI Act provide that the Regulator may only issue a retail licence if satisfied that:

1. the applicant is a suitable person to hold such a licence (section 19(2)(a)); and
2. the applicant, its subsidiaries and related persons, either individually or taken together, are not generators of electricity that have a substantial degree of market power in the Tasmanian market for the generation of electricity (section 19(2)(fa)(i), (ii) and (iii)).

1. Suitable Person

The ESI Act outlines the matters that the Regulator may consider in deciding whether an applicant is a suitable person to hold a licence.

(a) Standard of honesty and integrity of applicant

TRUenergy states that its directors, officers and shareholders are not aware of any claims against them or likely to be commenced against them.

(b) Financial, technical and human resources available to the applicant

TRUenergy states that it:

- has sufficient financial resources available to it to operate the retail activities for which the licence is required;
- has a long-term credit rating of A-;
- employs over 1 000 staff, primarily in the core functions of sales and marketing, customer services and back office and commercial functions;
- is registered with NEMMCO as a Market Customer; and
- is familiar with the operation of the Tasmanian electricity industry and agrees to comply with the *Tasmanian Electricity Code*.

The information provided by TRUenergy in its licence application satisfies the Regulator as to the above matters and therefore that TRUenergy is a suitable person to hold a retail licence.

2. Generator with market power

TRUenergy states that it is not a generator of electricity that has a substantial degree of market power in the Tasmanian market for the generation of electricity nor does any subsidiary or related persons.

REGULATOR'S DECISION

The Regulator is satisfied that the issue of a licence to TRUenergy is consistent with the objectives of the ESI Act and the objectives of the Regulator in exercising his powers and functions under the ESI Act.

The Regulator issued an electricity retail licence to TRUenergy (ABN 99 086 014 968) on 18 June 2007 for a period of ten years.

The Regulator issued the licence accepting that technical and other information supplied by TRUenergy in support of its application is true and correct, TRUenergy having made full and diligent inquiry in that regard. The Regulator has relied in good faith on the representations made by TRUenergy in support of its application.

A copy of the licence is available on the Regulator's website at www.energyregulator.tas.gov.au.

.....
Andrew John Reeves

REGULATOR

18 June 2007