



Electricity Supply Industry Act 1995

Statement of Reasons

Generation Licence Application

Alinta Energy (Tamar Valley) Pty Ltd

ABN 29 123 391 613

12 July 2007

1. 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 18 April 2007, the Regulator received an application from Alinta Energy (Tamar Valley) Pty Ltd (Alinta Tamar Valley) for an electricity generation licence. Alinta Tamar Valley sought a licence to operate three gas turbine generators located at the Bell Bay Power Station.

2. 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 21 April 2007 and concluded 11 May 2007. No submissions were received.

3. REASONS FOR DECISION

The Regulator undertook a 'due diligence' assessment of the licence application from Alinta Tamar Valley, 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 generation licence to an applicant if satisfied that:

1. the applicant is a suitable person to hold such a licence (section 19(2)(a)); and
2. the generating plant will generate electricity of the appropriate quality for the relevant transmission or distribution network (section 19(2)(c)).

(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. These include:

(a) Standard of honesty and integrity

Alinta Tamar Valley states that it is not aware of legal proceedings commenced or likely to be commenced relating to its business activities.

(b) Financial, technical and human resources

Financial resources

Alinta Tamar Valley states that it has sufficient financial resources available to it to operate the generation activities for which the licence is required.

Technical and human resources

Alinta Tamar Valley states that Alinta Energy Pty Ltd (a wholly owned subsidiary of Alinta Limited):

- will operate and maintain the generating plant on behalf of Alinta Tamar Valley. Those undertaking operations and maintenance of the generating plant are familiar with the operation of power generation plant and equipment within the Tasmanian electricity supply industry; and
- will maintain a complement of appropriately qualified and competent staff at sight to facilitate operations and maintenance. This may be complemented by support from other Alinta Energy Pty Ltd offices or contractors and consultants from Original Equipment Manufacturers.

The information provided by Alinta Tamar Valley in support of its licence application satisfied the Regulator as to these matters and therefore that Alinta Tamar Valley is a suitable person to hold a generation licence.

(2) GENERATING PLANT

The Regulator is of the view that the risks associated with generating electricity of the appropriate quality (being the impact on the quality of supply to local customers, network integrity and system security) are appropriately managed by:

- Alinta Tamar Valley entering into a connection agreement with the relevant Network Service Provider, Transend Networks Pty Ltd; and
- Alinta Tamar Valley being obliged to comply with the *Tasmanian Electricity Code* and the *National Electricity Rules*.

The Regulator is therefore satisfied that the generating plant will generate electricity of the appropriate quality for Transend Networks' transmission network.

4. REGULATOR'S DECISION

The Regulator is satisfied that the issue of a licence to Alinta Tamar Valley 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.

In exercise of the power conferred by section 19(1) of the ESI Act, the Regulator determined to issue a generation licence to Alinta Tamar Valley. The licence issued 12 July 2007 for a period of ten years.

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

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

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Andrew John Reeves

REGULATOR

12 July 2007