



**Application for the transfer of the Electricity Supply Industry
Generation Licence held by**

**Alinta Energy (Tamar Valley) Pty Ltd
(ABN 29 123 391 613)**

to

**Aurora Energy (Tamar Valley) Pty Ltd
(ABN 29 123 391 613)**

STATEMENT OF REASONS

December 2008

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INTRODUCTION

Pursuant to the *Electricity Supply Industry Act 1995* 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 approve applications relating to generation, transmission, distribution and retail licences. Furthermore, a licence may be transferred with the Regulator's agreement.

On 20 October 2008 Aurora Energy (Tamar Valley) Pty Ltd (AETV Power) wrote to the Regulator seeking a transfer of the electricity generation licence held by Alinta Energy (Tamar Valley) Pty Ltd to AETV Power. The application was made on the basis that AETV Power is the new owner of the Tamar Valley Power Station under construction at Bell Bay previously owned and operated by Alinta Energy.

The Regulator may impose conditions on the transfer of a licence, or amend the terms and conditions of the licence on transfer.

CONSIDERATION OF LICENCE TRANSFER APPLICATION

The Regulator determined to treat the transfer application as an application for a new licence, given that there is no legislative criteria on which to assess transfer applications. As a result, the applicant needed to satisfy the Regulator that:

1. the applicant is a suitable person to hold the licence; and
2. the generating plant (or proposed generating plant) will generate electricity of the appropriate quality for the relevant transmission system.

(1) SUITABLE PERSON

The 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

AETV Power states that it is a subsidiary company of Aurora Energy Pty Ltd. Aurora Energy Pty Ltd holds electricity retail and distribution licences and has previously satisfied the Regulator that it has the requisite standard of honesty and integrity to

hold a licence under the Act. As a subsidiary company, AETV Power assumes the same standing in relation to honesty and integrity as its parent company.

(b) Financial resources

Aurora Energy Pty Ltd has satisfied the Regulator that it has the required level of financial resources to be a licensee in the electricity market and, as a subsidiary company, AETV Power assumes the same financial standing.

(c) Technical and human resources

AETV Power stated in its application that all arrangements for the Tamar Valley Power Station, excluding ownership, remain unchanged since AETV Power took ownership. This includes the fact that Alinta Energy staff who previously operated the gas turbine generators are now employees of AETV Power. Therefore, AETV Power is able to demonstrate the same level of technical and human resources as that employed under Alinta's regime.

(2) GENERATING PLANT

The generating plant listed in Schedule 1 to the current licence remains unchanged. AETV Power renewed the existing connection agreement with the relevant Network Service Provider, Transend Networks Pty Ltd, on 19 November 2008 and must comply with the *Tasmanian Electricity Code* and the *National Electricity Rules*. These arrangements ensure that electricity will be generated of the appropriate quality.

LICENCE AMENDMENTS

The licence has been amended to require the licensee to develop an asset management plan and compliance plan. These will be subject to periodic review by the Regulator in accordance with the *Tasmanian Electricity Code*. This amendment reflects a recommendation by the Reliability and Network Planning Panel in its 2007 Reliability Review Report that the asset management plans for all key assets that may contribute significantly to Tasmania's energy security should be subject to review by the Regulator.

REGULATOR'S DECISION

The Regulator is satisfied that AETV Power is suitable to hold an electricity generation licence and that the Tamar Valley Power Station will generate electricity of the appropriate quality.

On 19 December 2008, in the exercise of the power conferred by section 29 of the ESI Act, the Regulator determined to:

- transfer the licence from Alinta Energy (Tamar Valley) Pty Ltd to AETV Power; and
- amend the licence to include the requirement for AETV Power to submit to the Regulator an asset management plan and a compliance plan.

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

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

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Glenn Appleyard

REGULATOR

23 December 2008