



Electricity Supply Industry Act 1995

Statement of Reasons

Generation Licence Application

Cascade Renewable Energy Pty Ltd

ABN 65 122 610 913

25 May 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 25 April 2007, the Regulator received an application from Cascade Renewable Energy Pty Ltd (CRE) for an electricity generation licence. CRE sought a licence to operate an impulse type hydro turbine to be connected to the existing irrigation pipe from the Cascade Dam. CRE will own the generation facility.

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 28 April 2007 and concluded 18 May 2007. No submissions were received.

REGULATOR'S ASSESSMENT

The Regulator undertook a 'due diligence' assessment of the licence application from CRE, 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 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 of applicant

CRE indicates that CRE, 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

CRE indicates that ongoing operation of the generation facility will be funded from revenues received from electricity sales and it will be assisted in the operation and maintenance of the generation facility by Winnaleah Irrigation Scheme Limited.

The information provided by CRE in its licence application satisfies the Regulator as to these matters and therefore that CRE 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 CRE entering into a connection agreement with the relevant Network Service Provider, Aurora Energy Pty Ltd, and CRE 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 Aurora Energy's distribution network.

REGULATOR'S DECISION

The Regulator is satisfied that the issue of a licence to CRE 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 decision of the Regulator was to issue an electricity generation licence to CRE.

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

A generation licence was issued to CRE (ABN 65 122 610 913) on 25 May 2007 for a period of ten years.

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

25 May 2007