



Electricity Supply Industry Act 1995

Statement of Reasons

Retail Licence Application

ERM Power Retail Pty Ltd

ACN 126 175 460

9 October 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 12 September 2007, the Regulator received an application from ERM Power Retail Pty Ltd (ERM) for an electricity retail licence. ERM is a subsidiary of ERM Power Pty Ltd (ERM Power).

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 15 September 2007 and concluded 5 October 2007. No submissions were received.

REGULATOR'S ASSESSMENT

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

ERM states that:

- the officers and owners of ERM Power have not committed any criminal offence or been prosecuted under any Territory, State or Commonwealth legislation such as the *Australian Securities and Investments Commission Act 2001* or the *Trade Practices Act 1974*; and
- its Chief Executive and Director are fit and proper to be Directors.

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

ERM states that it:

- has sufficient financial resources available to it to operate the retail activities for which the licence is required;
- has relevant experience in the electricity industry;
- will become NEMMCO registered; and
- is familiar with the operation of the Tasmanian electricity industry and agrees to comply with the *Tasmanian Electricity Code*.

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

2. Generator with market power

ERM 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 ERM 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 ERM on 9 October 2007 for a period of ten years.

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

9 October 2007