



23 May 2022

Energy Policy WA
Locked Bag 11
Cloisters Square WA 6850

submissions@energy.wa.gov.au

Increasing the threshold for application of the electricity generation licence exemption Consultation Paper

Alinta Energy thanks EPWA for the opportunity to provide comment on its Consultation Paper recommending that the licence exemption threshold in the *Electricity Industry Exemption Order 2005 (Order)* for constructing and/or operating generating works be increased, as an interim measure, from 30MW to 100MW nameplate capacity.

Alinta Energy considers it is well placed to provide comment on the Consultation Paper, as several of its subsidiaries hold licences to construct and/or operate generating works both within and outside of the SWIS.

Alinta Energy does not support the proposed interim measure of increasing the licence exemption threshold, for the reasons outlined below.

Question 1

Is it appropriate for the threshold for exempt generating works to be increased?

Alinta Energy has actively advocated for many years for the removal of section 7(1) of the *Electricity Industry Act 2004 (Act)*, which requires a person who constructs or operates electricity generating works to hold a licence.

Costs associated with applying for and retaining an electricity generation licence are significant¹ and, as noted by EPWA in the Consultation Paper, other regulatory mechanisms provide for the safe and reliable operation of electricity generators. For these reasons, we would advocate for EPWA to expedite the removal of section 7(1) of the Act, in preference to amending the exemption threshold in the Order as an interim measure.

Question 2

If the threshold for exempt generating works should be increased, is it appropriate for the threshold to increase to 100MW or, alternatively, what should be the new threshold?

Alinta Energy is licensed to operate a diverse range electricity generators, as detailed in the table below. We consider it important to maintain a level playing field for all electricity generators, regardless of age, size and fuel type. Increasing the licence exemption threshold from 30MW to 100MW will only exacerbate the inequity of the licensing regime; whilst currently very small generators are exempt from holding a licence, increasing the threshold will exempt some, but not all, medium-sized generators from requiring a licence.

¹ Alinta Energy has provided these costs to EPWA previously. Refer to *Submission on generation licence exemption application – FRWF Stage 1 Pty Ltd*, 28 Jan 2022.

ERA Licence	Licensee	Power Station	Fuel Type	Nameplate Capacity (MW)
EGL6	Alinta Cogeneration (Wagerup) Pty Ltd	Wagerup	gas	351
EGL10	Alinta Cogeneration (Pinjarra) Pty Ltd	Pinjarra	gas	280
EGL30	Yandin WF Pty Ltd as Trustee for Yandin WF Unit Trust	Yandin Wind Farm	wind	214.2
EILR7	Alinta DEWAP Pty Ltd	Port Hedland	gas/ diesel	210
EIRL6	Alinta Energy Transmission (Roy Hill) Pty Ltd	Newman	gas	178
EIRL11	Alinta Energy (Chichester) Pty Ltd	Chichester Solar Farm	solar PV	60

EPWA does not explain how it has selected the 100MW threshold amount and it appears rather arbitrary. Given that significant expenses will continue to be incurred by licensed entities larger than 100MW, it would have been useful for stakeholders to have been provided some justification for setting the threshold at 100MW.

Whilst we acknowledge this proposal is an interim measure, we are keen to understand why a higher threshold, covering all generators currently operating in the market, has not been proposed. A truly equitable operating environment can only be achieved if the same rules apply to all. Under the current proposal, a 101MW generator will be burdened with significant costs that a 99MW generator will not. The only way of achieving parity across all generators is to increase the interim threshold so that it is high enough to cover the largest licensed generator in WA.

Question 3

What conditions, if any, should attach to the generation licence exemption if the threshold is increased? Should the requirement for generators connected to the South West Interconnected System to comply with the Electricity Industry (Metering) Code 2012 be maintained, or is this requirement adequately imposed by the Access Code? If it is retained, does the obligation need to be extended to include the North West Interconnected System and other licensed networks?

Alinta Energy agrees with EPWA that sufficient mechanisms are already in place to ensure generators operate safely and supply reliable and secure electricity. In the SWIS, the *Electricity Networks Access Code 2004 (Access Code)* made under the Act requires a generator, regardless of whether it is licensed or not, to enter into an access agreement with Western Power to connect to and use the network. A similar agreement is required in the NWIS under the *Pilbara Networks Access Code*.

We also agree that the condition under the Order to comply with the *Electricity Industry (Metering) Code 2012 (Metering Code)* is redundant, as the Access Code already requires generators connected to the SWIS to comply with the Metering Code.

Question 4

Are there any other relevant matters that Energy Policy WA should consider?

EPWA has previously indicated that any changes proposed under its broader "Project Eagle" legislative amendments package would be unlikely to take effect until 2023 at the earliest. Despite this, to ensure an equal playing field between all generators, Alinta Energy would not support the proposed interim measure of increasing the licence exemption threshold from 30MW to 100MW.

Until such time as the relevant legislative amendments commence and section 7(1) is removed from the Act, we consider there should be no increase in the current exemption threshold of 30MW unless it is increased to a magnitude that covers all licensed generators in WA. To do otherwise causes an uneven playing field amongst generators.