

17 May 2022

Energy Policy WA
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Submitted via email by graham.pearson@energycouncil.com.au to submissions@energy.wa.gov.au

**Increasing the threshold for application of the electricity
generation licence exemption: Consultation paper**

The Australian Energy Council (the “**AEC**”) welcomes the opportunity to make a submission on the *Increasing the threshold for application of the electricity generation licence exemption: Consultation paper* (“**Consultation Paper**”).

The AEC is the peak industry body for electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. Our members collectively generate the overwhelming majority of electricity in Australia, sell gas and electricity to millions of homes and businesses, and are major investors in renewable energy generation. The AEC supports reaching net-zero by 2050 as well as a 55 percent emissions reduction target by 2035, and is part of the Australian Climate Roundtable promoting climate ambition.

Question 1: Is it appropriate for the threshold for exempt generating works to be increased?

The AEC has advocated for the removal of section 7(1) from the *Electricity Industry Act 2004 (WA)*, which requires a person who constructs or operates electricity generating works to hold a licence.

The AEC considers that it is preferable for Energy Policy WA to expedite the removal of section 7(1). In the interim, the AEC agrees that it is appropriate for the exemption threshold to be increased. However, to ensure a level playing field for all generators the exemption threshold should be increased sufficiently to capture all currently licensed generators.

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?

The AEC does not consider it appropriate to increase the threshold to 100MW.

Licensed generators incur considerable costs that are avoided by non-licensed entities. These costs include:

- Licence application costs;
- Annual licence fees;
- Quarterly standing charges;
- Auditor fees and annual compliance reports; and
- General ongoing expenses associated with holding a licence.

Western Australia hosts a diverse range of generators of various types, age and size. It is not equitable for generators with a capacity of more than 100MW to incur the above costs, while those that fall underneath the threshold are exempt and avoid these costs. It is important that there is a level playing field for all generators and the WEM Rules objective “to avoid discrimination in that market against particular energy options”¹ is satisfied.

Increasing the exemption to an arbitrarily chosen 100MW threshold is not supported by the AEC. Instead, the AEC suggests that the only way of achieving equity across all generators and avoiding discrimination is by increasing the exemption threshold sufficiently to capture all currently licensed generators.

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?

The AEC agrees that no additional conditions should be attached to the exemption given other legislative requirements ensure generators operate safely and reliably.

Conclusion

The AEC appreciates this opportunity to provide feedback on the Consultation Paper and encourages Energy Policy WA to consider the issues raised above.

Please do not hesitate to contact Graham Pearson, Western Australia Policy Manager by email on graham.pearson@energycouncil.com.au or by telephone on 0466 631 776 should you wish to discuss this further.

Yours sincerely,

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¹ See p12, [Electricity Industry Act 2004 \(WA\)](#)