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DEPARTMENT OF FINANCE
CORPORATE INFORMATION

31 OCT 2016

25 October 2016



Dear Mr Kroon

Re: Application for electricity retail licence exemption – CSP National Pty Ltd

Horizon Power is pleased to make the following submission in respect of the application by CSP National Pty Ltd (CSP) for a retail licence exemption to sell electricity to customers through solar power purchase agreements (SPPAs).

Horizon Power is a State Government-owned, commercially-focused corporation that provides high-quality, safe and reliable power to about 100,000 residents and 10,000 businesses, including major industry, across regional and remote Western Australia.

Horizon Power supports the development of the renewable energy sector through innovative approaches to financing capital investments in renewable systems.

Individual licensing exemptions will encourage players to enter the sector and offer new products and services to remote and regional customers. We understand assessment of an application will be against three criteria, namely whether:

- the applicant has and will retain the resources and capabilities to provide solar PPA-related services to its intended customer base under the licence exemption
- the PDS provides adequate information to advise customers of their rights, obligations and liabilities under the solar PPA contract
- the grant of the licence exemption would not be contrary to the public interest.

Of concern to Horizon Power is whether applicants will have the resources and capabilities to provide SPPA-related services to customers, and to provide appropriate customer service over the length of the contracts they plan to market to customers. The financial resilience of a company investing in commercial-scale rooftop PV systems should be known before it is permitted to retail electricity to customers.

As CSP notes in its application, Horizon Power and other organisations are exploring an arrangement involving solar PPAs in Meekatharra, one of the towns Horizon Power serves in the Mid West. At this point in time, Horizon Power and CSP do not have a commercial agreement in place. So although Horizon Power has an interest in the ability of CSP and other providers to be able to sell electricity through SPPAs to customers of Horizon Power without encumbrance, we would like to have more confidence that these organisations can withstand the financial and logistical demands of the ten- to 15-year commercial contracts they plan to market to consumers.

Horizon Power understands the Public Utilities Office will be performing some level of due diligence on applicants, including CSP, for retail licence exemptions. In addition, we understand the Office and the Department of Commerce will share information about exemption-holders with a view to tracking their performance and the development of the sector in general. This will go some way to attracting professional and robust players to the nascent SPPA sector; Horizon Power encourages the Office to scrutinise applicants thoroughly to ensure the pool of exemption-holders develops in a healthy and sustainable manner.

Thank you for the opportunity to comment.

Sincerely yours,

DAVID TOVEY
COMPANY SECRETARY
GENERAL MANAGER, CORPORATE SERVICES