

Mr Alex Kroon
A/Principal Policy Officer
Markets and Regulation Division
Public Utilities Office
Department of Finance
Locked Bag 11
Cloisters Square WA 6850
By email: puosubmissions@finance.wa.gov.au

22 January 2016

Dear Mr Kroon

**RESPONSE TO CONSULTATION PAPER – AMENDMENT TO ELECTRICITY INDUSTRY ACT 2004:
REMOVAL OF ELECTRICITY GENERATION LICENSING**

1. Introduction

Bluewaters Power welcomes the opportunity to provide comments on the issues contained within the Consultation Paper “*Amendment to Electricity Industry Act 2004: Removal of electricity generation licensing*”.

Bluewaters Power participates in the WA Wholesale Electricity Market as follows:

- **Generation:** 2 x 220MW (sent out) coal fired power stations, Bluewaters 1 and Bluewaters 2, located in Collie, and each “certified” by the IMO for 217MW of capacity. The power stations provide ~15% to 20% of the energy consumed in the South West Interconnected System (SWIS).
- **DSP Capacity:** Bluewaters Power operates a 20MW Demand Side Program.
- **Retail:** Bluewaters holds a Retail License and has long term contracts to supply ~220MW of retail load (ie. ~4.2% of the retail customer load)

The Bluewaters assets are owned through a joint venture partnership of Sumitomo Corporation and Kansai Electric. Additionally, Sumitomo Corporation has a 50% interest in the NewGen Power Kwinana Power Station (320MW CCGT).

2. Bluewater’s position

Bluewaters is supportive of the Consultation Paper’s proposal to remove section 7(1) from the *Electricity Industry Act 2004 (Act)*, which requires persons who construct or operate electricity generating works to hold a licence, and the associated provisions.

Bluewaters agrees that there are already sufficient regulatory and commercial arrangements in place to effectively manage the operation of generating works without the additional need to licence generators. This implies the generator licensing provisions are redundant.

Removal of the redundant provisions also means the Economic Regulatory Authority (Authority) will longer be obliged to allocate resources to manage the generator licensing regime. This is likely to enable the Authority to focus on managing the other classes of licenses (namely transmission, distribution and retail licenses).

Removal of the provisions will reduce generators’ administrative burden of complying with the generator licensing requirements. Any reduction in compliance activity and costs, where the integrity of the service in question is not compromised, will contribute towards minimising the long-term cost of electricity supplied to customers in the SWIS.

Bluewaters thanks the Public Utilities Office for considering our comments. Please feel free to contact us if you have any queries or wish to discuss further.

Yours sincerely,

Andrew Stevens
General Manager – Regulatory and External Services