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Mr Alex Kroon
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Dear Mr Kroon

Submission on the Consultation Paper for the Removal of Generation Licensing

Western Power appreciates the opportunity to comment on the consultation paper regarding the proposed removal of electricity generation licensing.

Western Power's interest in this consultation process is to ensure there will be adequate regulatory and commercial arrangements in place governing the operation of electricity generators following the removal of the licensing regime, thereby providing sufficient security for the Western Power network and the reliability and quality of supply. Western Power agrees that the technical performance standards which generators must comply with will be enforceable through access contracts, obligations in the Technical Rules (or the National Electricity Rules) and published Western Power standards and manuals.

Western Power acknowledges that from the perspective of enforcing ongoing generator compliance with access standards and registered performance standards following the transition to the National Electricity Rules, there will be specific provisions which compel generators to demonstrate ongoing compliance through monitoring programs. As stated in the paper, these sit outside of a generator's licence obligations. These provisions come with civil penalties for facilities that do not comply.

Western Power therefore considers that there are adequate mechanisms to mandate compliance with technical performance standards, which will be appropriately enforceable through both current and future state regulatory regimes despite the absence of generation licensing.

Western Power acknowledges that the removal of generation licensing will also require consequential amendments to other local regulations and in this regard provides the following comments.

Licensing funding regulations

In relation to licensing fees payable to the Economic Regulation Authority (**Authority**), Western Power understands that the fees payable by Western Power may need to increase

as a result of the removal of provisions that require generation licensees to contribute to the Authority's licence administration costs.

However, Western Power considers that removal of the need to review performance audit reports and asset management review reports for the current 29 generation licence holders would reduce the Authority's costs, given that the Authority adopts an activity-based fee structure. Western Power would expect to see this reduction flow through to the licensing charges applicable to the remaining licensees. Therefore, Western Power considers that the Authority should undertake a review of the costs to administer the remaining licensing regimes to ensure that any fees payable are a true reflection of the cost incurred by the Authority.

Licence conditions regulations

Western Power considers that further context is necessary to support the statement on page 13 of the consultation paper that regulation 5A(1)(c) of the *Electricity Industry (Licence Conditions) Regulations 2005* will no longer be needed, which requires generators to comply with the *Electricity Industry (Metering) Code* (**Metering Code**). Western Power agrees that this obligation may be removed from the regulations, but highlights that generators will still be required to comply with the Metering Code.

The access contract requires compliance with good electricity industry practice and all applicable laws, as defined in the *Electricity Networks Access Code*, which includes the Metering Code. Obligations which generators are obliged to comply with under the Metering Code include, for instance, the prohibition on installing a metering installation on the Western Power network and the obligation to notify Western Power of any changes or inaccuracies in standing data. In addition, clause 6.1(2) of the Metering Code mandates that users who have an access contract must comply with the communication rules, metrology procedure, service level agreement and mandatory link criteria.

Following the removal of the generation licensing regime, generators' compliance with the Metering Code will no longer be enforced by the Authority through the licensing regime, but enforced contractually through the access contract.

If you have any questions or require any further information, please do not hesitate to contact Margaret Pyrchla, Regulatory Compliance Manager, on 9326 4535.

Yours sincerely

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