

28 January 2022

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

Generation licence exemption application – FRWF Stage 1 Pty Ltd

The Australian Energy Council (the “**AEC**”) welcomes the opportunity to make a submission on the licence exemption application by Moonies Hill Energy Pty Ltd (**MHE**), acting on behalf of FRWF Stage 1 Pty Ltd, for its 75.6MW Flat Rocks Wind Farm (**FRWF**) Stage 1 Project.

The AEC is the industry body representing 20 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia and sell gas and electricity to over 10 million homes and businesses.

MHE claim that a generation licence exemption should be granted because:

1. “The existing generator licensing arrangements in Western Australia are not reflective of the usual path to building and operating renewable electricity generation plants.”¹
2. “No such licence requirement exists for the development and construction phase of electricity generation projects in the National Electricity Market.”²
3. “In contrast to other Australian jurisdictions, the requirement to obtain a generation licence prior to commencement of construction represents a barrier to renewable energy project development.”³

It is important that there is a level playing field for all generators. The licence requirements in the SWIS are well established and MHE should have been aware of these conditions prior to commencing development of FRWF.

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, plus general ongoing expenses associated with holding a licence. While MHE says that it “does not perceive this application will adversely impact competition in the electricity industry market”, a generation licence exemption will reduce their costs and create an uneven playing field.

The AEC also notes that the requirement to obtain a generation licence has not been a major barrier to developing projects in the SWIS. Indeed, other generators, including Badgingarra wind and solar farm, Yandin wind farm, Warradarge wind, Northam solar farm, Merredin solar farm, MetroPower Ambri solar farm, Kwinana waste to energy and East Rockingham waste to energy have obtained a generation licence in

¹ See page 5, [Application for Individual Licence Exemption: Electricity Generation Licence](#)

² See page 5, [Application for Individual Licence Exemption: Electricity Generation Licence](#)

³ See page 5, [Application for Individual Licence Exemption: Electricity Generation Licence](#)

recent years. It would be inconsistent to require these generators to obtain a generation licence while allowing FRWF to have an exemption.

The AEC acknowledges that Energy Policy WA are reconsidering the proposal to remove section 7(1), which requires a person who constructs or operates electricity generating works to hold a licence, from the *Electricity Industry Act 2004 (WA)*. It is understood that this process is ongoing and may not take effect until at least early 2023.⁴ Until this time, there should be a level playing field for all generators.

MHE's representation about a lack of licencing requirements in the National Electricity Market (NEM) is potentially misleading. The AEC understands MHE's argument is that the NEM licencing typically occurs at a later development stage (connection). Whilst the timing may be an inconvenience to MHE, the effect of the request would not be to defer the licencing, but to permanently exempt it – a much greater impact.

The AEC considers the reasons put forward by MHE to obtain a generation licence exemption to be insufficient and the AEC does not support an exemption.

Conclusion

The AEC appreciates this opportunity to provide feedback on the generation licence exemption application by MHE 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,

Graham Pearson
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⁴ See [Legislative amendments to improve efficiency of the energy licensing regime – Information Paper, Energy Policy WA](#)