

28 January 2022

Mr Jai Thomas  
Energy Policy WA  
Locked Bag 11  
Cloisters Square, WA 6850  
Sent by email to: [licence-exemptions@energy.wa.gov.au](mailto:licence-exemptions@energy.wa.gov.au)

Dear Mr Thomas

### **Generation licence exemption application – Flat Rocks Wind Farm Stage 1 Project**

In December 2021, Moonies Hill Energy Pty Ltd (acting on behalf of FRWF Stage 1 Pty Ltd) submitted an application for an electricity generation licence exemption for the Flat Rocks Wind Farm Stage 1 (FRWF) Project.<sup>1</sup>

The FRWF Project will see Moonies Hill Energy and Enel Green Power develop 75.6 MW of wind generation capacity in the Great Southern region of Western Australia.

Change Energy supports the application for an exemption for FRWF Stage 1 Pty Ltd from requiring an electricity generation licence. We consider the progression of the project is in the public interest, as demonstrated in the application. Moreover, we consider that the current generation licensing requirements pose an unnecessary barrier to new renewable and low carbon facilities entering the market. We feel refusing an exemption would send the wrong signal to prospective entrants and would be to the overall detriment to WA's energy market.

We submit that sufficient checks and balances exist under the regulatory framework in the WEM to ensure generating businesses will operate without adversely impacting the power system and market, and offsets any perceived risks of removing a requirement to hold a generating licence.

We note that the former Public Utilities Office's (PUO, now Energy Policy WA) reached a similar conclusion in 2015, recommending to repeal section 7(1) of the *Electricity Industry Act 2004* (Act). Section 7(1) requires persons who construct or operate electricity generating works to hold a licence.<sup>2</sup>

The PUO's 2015 analysis found that the cost of complying with a generation licence outweighs the benefits of being licenced, given the existing regulatory and commercial arrangements in place that effectively manage the operation of generators in WA.<sup>3</sup> We see no reason why this view would not hold true today.

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<sup>1</sup> The application is available at: <https://www.wa.gov.au/system/files/2022-01/PUBLIC-Flat-Rocks-Wind-Farm-generation-Exemption-20-December-2021.pdf>.

<sup>2</sup> The Consultation Paper and other related documents can be found at: <https://www.wa.gov.au/government/document-collections/proposal-remove-requirement-electricity-generators-be-licensed>.

<sup>3</sup> Consultation Paper Amendment to Electricity Industry Act 2004 Removal of Electricity Generation Licensing, Public Utilities Office, December 2015, page 1.

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We note that the PUO's 2015 legislative changes were well supported by generators and retailers at the time. The recommendation to remove the generation licensing requirement was introduced into Parliament in September 2016 as part of the licensing and Other Authorisations Amendment Bill 2016<sup>4</sup>, however, it did not receive Parliamentary approval simply due to inopportune timing.

Given the potential net benefit of removing superfluous barriers to market entry, we recommend Energy Policy WA recommences this important reform of the generation licensing regime at the earliest opportunity. We note EPWA's intent to make similar legislative changes as part of the Energy and Governance Legislation reforms (Project Eagle) under the Energy Transformation Strategy<sup>5</sup>, and consider they would be similarly supported by the market as a whole, and are capable of being approved by Parliament.

In the meantime – assuming Project Eagle will be delivered as currently planned around the end of 2023<sup>6</sup> – we suggest a more streamlined generation licence exemption application process could be introduced. For example, a less onerous pro forma approach that tests applicants against some basic criteria would be a more efficient process than the current more exhaustive exemption application and consultation process.

We would also like to take this opportunity to recommend a review of the **retail licensing** regime be undertaken, and the resulting recommendations also included in Project Eagle. While we are not proposing retail licensing requirements be removed entirely, we believe there are aspects that should be reviewed and tested to ensure they are not imposing unnecessary costs and barriers to entry.

Thank you for the opportunity to comment on the exemption application in relation to the FRWF Project.

If you have any questions or would like to arrange a meeting to discuss any aspect of this submission, please contact me on 0401 903 210 or at [Geoff.Gaston@changeenergy.com.au](mailto:Geoff.Gaston@changeenergy.com.au).

Yours Sincerely,

Geoff Gaston  
Chief Executive Officer

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<sup>4</sup> More information on these changes can be found at:

<https://www.parliament.wa.gov.au/parliament/bills.nsf/BillProgressPopup?openForm&ParentUNID=F3C8A3EB69AD91C74825802E0014AB2F>.

<sup>5</sup> More information is provided in Energy Policy WA's information paper – Proposed Electricity and Gas Licensing Reform, available at: <https://www.wa.gov.au/system/files/2022-01/Information%20Paper%E2%80%93Proposed-electricity-and-gas%20licensing%20reform.pdf>.

<sup>6</sup> See page 27 of the Energy and Governance Legislation Reform Consultation Paper, available at:

<https://www.wa.gov.au/system/files/2021-10/Energy-and-Governance-Legislation-Reform-Consultation-Paper-Oct21.pdf>.