



Application Form for the issue of an Electricity Generation Licence

by the Essential Services Commission of SA under the
Electricity Act 1996

March 2021

Sensitive: Personal – I2 – A2

Internal Use

Enquiries concerning this form should be addressed to:

Essential Services Commission
GPO Box 2605
Adelaide SA 5001

Telephone: (08) 8463 4444

Freecall: 1800 633 592 (SA and mobiles only)

E-mail: licensing@escosa.sa.gov.au

Web: www.escosa.sa.gov.au

Table of contents

Glossary of terms	3
Licence requirements and conditions	4
Generation operations which require a licence	4
Mandatory licence conditions	4
Additional technical licence conditions	5
Variation of licence conditions	5
Annual licence fees	6
How to apply for a generation licence	6
Use of this form and applicant's responsibilities	6
Application fees	6
How to lodge an application	7
Consultation and Confidentiality	7
Further information	7
Licence Application Form	8
1 The Applicant	8
1.1 Identity of Applicant	8
1.2 Legal Identity of Applicant	8
1.3 Address and Contact Details of Applicant	8
1.4 Contact Person on behalf of Applicant	8
1.5 Contact Person for Licence Fees	9
1.6 Diagram of Corporate or other Structure	9
2 The Licence	10
2.1 Date from which Licence is sought	10
2.2 Nature and scope of operations for which Licence is sought	10
2.3 Licensing of electricity entities	11
3 Suitability of applicant to hold a licence	11
3.1 Standard of honesty and integrity shown by Applicant	11
3.2 Standard of honesty and integrity shown by Officers and major shareholders of Applicant	12
3.3 Names and addresses of the Officers of Applicant	12
3.4 Names and addresses of major shareholders of Applicant	13
3.5 Details of the group members	13
3.6 Additional information	13
3.7 Financial resources available to the Applicant	14
3.8 Additional Details of Structure of Applicant	15
3.9 Human resources available to the Applicant	15
3.10 Technical resources available to the Applicant	15
3.11 Quality of Electricity Produced/Connection Agreement	16
3.12 Risk Management	16
3.13 Development Act Approval	17

3.14 Registration with AEMO.....	17
3.15 Licences held by the Applicant in other Australian jurisdictions.	17
3.16 Previous unsuccessful licence applications in other Australian jurisdictions	18
3.17 Licences held by Associates of the Applicant.....	18
3.18 Compliance Plans	18
3.19 Additional Information	19
4 Factors specified in the Essential Services Commission Act 2002.....	20
5 Application fees	20
6 Declaration	21
Attachment 1	22
2017 model licence conditions for new generators	22
Interpretation of this schedule.....	22
Disturbance ride through capability	22
System strength	22
System restoration	22

Glossary of terms

Commission	Essential Services Commission, established under the Essential Services Commission Act 2002
ESC Act	Essential Services Commission Act 2002
Treasurer	Treasurer for the South Australian Government
Minister	Minister for Energy and Mining
Regulator	Technical Regulator

Licence requirements and conditions

It is essential that licence applicants read the Essential Services Commission's (**Commission**) Advisory Bulletin No 4 – "*Licensing Arrangements for the Electricity and Gas Supply Industries*" before they fill out this form. This Bulletin is available on the Commission website www.escosa.sa.gov.au under electricity/licensing.

Generation operations which require a licence

Section 15(2)(a) of the Electricity Act 1996 (the **Act**)¹ is explicit in that it requires a person that carries on the operation of the generation of electricity to hold a licence. This requirement applies to all generators with the exception of a generator that can rely on:

- ▶ one of the statutory exemptions specified in the Electricity (General) Regulations 1997 (Regulations) outlined below
- ▶ an individual exemption issued by the Commission (with the approval of the Minister) pursuant to section 80(1) of the Act, or
- ▶ an exemption made by Governor under a regulation pursuant to section 98(2)(e) of the Act.

Pursuant to Regulations 6(1) and (2), the following generators are exempt from the requirement to hold a generation licence:

- ▶ a generator whose generating plant has a rated nameplate output of 100kVA or less
- ▶ a generator that does not supply electricity for reward to or by means of a transmission or distribution network
- ▶ a generator that generates electricity for the sole consumption of that generator or a designated body (such bodies must be designated by the Minister²); or
- ▶ a generator that generates electricity for a person at a premises occupied or used by the person as a tenant or licensee (whether directly or indirectly) of the generator (or a designated body) where that person is not charged for the supply of electricity except by a licensed retailer/generator or as an unspecified part of rent or charges for the occupation or use of the premises.

It is important for generators (or proposed generators) to carefully consider whether they can rely on a statutory exemption from the requirement to be licensed. If the reliance on a statutory exemption is queried by the Commission, the onus to provide evidence that a particular exemption can be relied upon is on the relevant generator.

In addition, in the event that the operations of a generator change so that it can no longer rely on one of the three exemptions specified above, it will need to apply to the Commission for a generation licence immediately in order to continue those operations.

Mandatory licence conditions

Sections 21(1) and 22 of the Act requires the Commission to place certain mandatory conditions in generation licences. The Commission strongly recommends that applicants review these mandatory conditions. Applicants must be familiar with the relevant conditions and confident that they can comply with the conditions.

¹ Available at <https://www.legislation.sa.gov.au/LZ/C/A/ELECTRICITY%20ACT%201996.aspx>

² To date, the Minister for Energy and Mining has not designated any bodies for the purposes of Regulations 6(1).

Additional technical licence conditions

Additional technical licence conditions apply to all new electricity generators seeking to connect to the South Australian power system. Applicants for a generation licence should familiarise themselves with the Commission's *Licensing arrangements for generators in South Australia* final report, available on the Commission's website.³

Model licence conditions have been developed and are available in Attachment 1. The model conditions will be applicable to all new applications, having regard to advice from the Australian Energy Market Operator (**AEMO**) on the specific circumstances of individual applications received.

Depending on the specific characteristics of a given generation project, the model conditions may be varied to the degree necessary to ensure that South Australian consumers' long-term interests with respect to the price, quality and reliability of electricity services are protected.

Variation of licence conditions

As part of the Commission's licensing function, it has the power to vary (or add to) conditions that are imposed on a licence it has issued. Specifically, under section 27 of the Act, the Commission has the power to vary a licence at any time, subject to statutory procedural requirements, including providing a licensee with reasonable notice of a proposed variation and allowing it the opportunity to make representations on that variation.

There is a broad range of factors that might be potential 'triggers' for the Commission to consider varying a licence, or adding new conditions. These include factors both external and internal to a licensee, and may include (without limitation):

- ▶ material changes in market operations, outcomes or structures
- ▶ changes to applicable national or State legislation, rules or policy
- ▶ the findings of a formal inquiry undertaken by the Commission
- ▶ substantive changes to operations which would have a genuine connection to or impact on the operations authorised under a licence
- ▶ an application by a licensee to vary its licence (for example, to add new generation plant or equipment or increase the capacity of existing generation plant), and
- ▶ evidence of upgrades or material changes to a licensee's business or operational practices relating to the generation plant and equipment authorised under a licence.

In considering a potential licence variation, the Commission must consider the factors specified in section 6 of the Essential Services Commission Act 2002 (which sets out the Commission's primary statutory objective and other relevant considerations), the objects of the Act (as set out in section 3 of that Act). It will also be informed by any information submitted by a licensee to which the variation may apply, through public consultation and by engagement with regulatory agencies involved in the electricity supply industry.

Annual licence fees

Holding a licence incurs annual licence fees. The licence fees determined by the Minister for Energy and Mining are administered by the Commission. At annual intervals, the Commission, on behalf of the Minister, will send to each licensee, depending on the category within the sector, an invoice for the licence fee. Licence fees are to be paid on receipt of an invoice via one of the payment options set out in the invoice.

The initial licence will not be issued until the first annual licence fee (or approved licence fee instalment) has been paid.

³ Refer: <https://www.escosa.sa.gov.au/projects-and-publications/projects/electricity/licensing-arrangements-for-generators-in-south-australia>

How to apply for a generation licence

This form is to be completed by persons making application to the Commission for the issue of a licence to authorise electricity generation operations in the electricity supply industry in South Australia.

The Commission can also consider joint applications from two or more persons who wish to hold a licence jointly. Persons making joint applications must ensure that each of the applicants completes a separate application form, together with a covering letter explaining that the application is for a licence to be jointly held.

Section 16(1)(a) of the Act provides that an application for the issue of a licence must be made to the Commission in a form approved by the Commission. This is the form approved by the Commission.

Use of this form and applicant's responsibilities

An application for a licence may be made by any legal person including, without limitation, individuals, partnerships, incorporated associations, unit and other forms of trusts and corporations. Entities that are not a legal person (for example, an unincorporated joint venture) cannot apply for a licence.

For the purpose of this application form, reference to the term "Officer" include the applicant's directors and secretary, and other persons who make or participate in making decisions that affect a substantial part of the business of the applicant (e.g. Chief Executive Officer, Chief Financial Officer, General Manager etc.).

Applicants should list the information requested in the spaces provided in this form and enclose additional information when required. Applicants must take all reasonable steps to ensure the information provided in the application form is complete, true and correct and are required to make a declaration to that effect in the application form. Failure to disclose information or misrepresent any matter relevant to such information may result in a licence not being issued or in the suspension or cancellation of a licence at a later time.

Applicants are responsible for providing the Commission with current, accurate and relevant documentation. This will ensure that the application is processed promptly and without delay. All applications are assessed on a case-by-case basis. If insufficient information is provided with an application, the Commission will request additional information to be submitted before the application is considered further.

Application fees

Applicants should also enclose the application fee (presently set by the Minister for Energy and Mining at \$1,000 per licence) with their application.

Holding a licence incurs annual licence fees⁴. The licence fees determined by the Minister for Energy and Mining are administered by the Commission. At annual intervals, the Commission, on behalf of the Minister, will send to each licensee, depending on the category within the sector, an invoice for the licence fee. Licence fees are to be paid on receipt of an invoice via one of the payment options set out in the invoice.

The initial licence will not be issued until the first annual licence fee (or approved licence fee instalment) has been paid.

⁴ Available at <https://www.escosa.sa.gov.au/industry/electricity/licensing/licence-fees>

How to lodge an application

Applicants may send their completed application form electronically (preferred) or in writing to:

Electronically to: licensing@escosa.sa.gov.au

In writing to: Essential Services Commission of SA
GPO Box 2605
Adelaide SA 5001

Consultation and Confidentiality

The Commission will consult with relevant government, industry and consumer groups in the conduct of its licensing functions through a public consultation process. Consequently, applications and/or supporting information will be made available on the Commission's website and in hard copy from the Commission's office for this purpose.

If applicants believe that they are providing confidential information when completing this form they should write "this information is confidential" after any such information. It is the applicant's responsibility to ensure this is clearly highlighted on the form. Applicants should also provide a 'non-confidential' version of the form capable of publication on the Commission's website.

The Commission will use information supplied in applications and in support of applications in accordance with the requirements of Part 5 of the Essential Services Commission Act 2002. Applicants claiming confidentiality are encouraged to familiarise themselves with Part 5. Applicants should note that the Commission may disclose confidential information in some circumstances.

Further information

Applicants should note that the Commission may ask applicants who have submitted an application form to provide further information to the Commission, or to clarify the information that they have already provided if required.

Please note that, in the event that an application lacks sufficient detail and the Commission is required to request additional information from an applicant, delays in the assessment of the application may occur.

Licence Application Form

1 The Applicant

1.1 Identity of Applicant

State the full name of the applicant. The applicant is the person who will be undertaking the electricity generation operations that will be the subject of the licence. Joint applicants should each complete an application form, and submit their application forms at the same time, with a covering letter explaining that a joint application is being made.

The applicant is [Infigen Energy Markets Pty Limited \(ABN 47 128 696 097 / ACN: 128 696 097\)](#) (the “**Applicant**”)

1.2 Legal Identity of Applicant

Provide information about the applicant, (i.e. whether the applicant is a natural person, private limited company or partnership, etc). If the applicant is a body corporate, please also state the jurisdiction in which the applicant is registered, and the applicant’s ABN/ACN.

[Infigen Energy Markets Pty Limited \(ABN: 47 128 696 097 / ACN: 128 696 097\)](#) is an Australian proprietary company limited by shares and was incorporated on 29 November 2007.

Its jurisdiction of registration is Victoria.

[Infigen Energy Markets Pty Limited](#) has its registered office at:

Level 17, 56 Pitt Street
SYDNEY NSW 2000
AUSTRALIA

1.3 Address and Contact Details of Applicant

Business Address: [Level 17, 56 Pitt Street, SYDNEY, NSW 2000](#)

State: [NSW](#) Post Code: [2000](#)

Postal Address (if different to Business Address): [N/A](#)

Telephone: [02 8031 9900](#) Facsimile: [N/A](#)

E-mail: reception@infigenenergy.com

1.4 Contact Person on behalf of Applicant

The full name, title and contact details of a person to whom the Commission can direct enquiries and correspondence about the application.

Full Name: Nadia Yousif
Title: Grid Connection Manager
Business Address: LEVEL 21, 567 COLLINS STREET MELBOURNE VIC 3000
State: VIC Post Code: 3000
Postal Address (if different to Business Address): N/A
Telephone: 0405 505 242 Facsimile: N/A
E-mail: nyousif@iberdrola.com

1.5 Contact Person for Licence Fees

The full name and/or title of the person to whom the Commission can direct enquiries and correspondence about licence fees.

Full Name: Matt Dickie
Title: General Manager Operations
Business Address: LEVEL 21, 567 COLLINS STREET MELBOURNE VIC 3000
State: VIC Post Code: 3000
Postal Address (if different to Business Address): N/A
Telephone: 0408 542 293 Facsimile: N/A
E-mail: matt.dickie@infigenenergy.com

1.6 Diagram of Corporate or other Structure

Please attach with this application form details of the corporate or other structure, including details of any related companies within the meaning of the Corporations Act 2001; and a diagram of the organisational chart, including composition of the board, management and other key personnel responsible for the key functions of the business.

The Applicant is part of a group of companies that are ultimately wholly owned by Iberdrola, S.A. (the “**Iberdrola Group**”). The Australian parent entity of the Applicant is Infigen Energy Limited (“**IEL**”, the Australian parent entity of the “**Infigen Energy Group**”). The Applicant is a related body corporate of PAREP 1 Pty Limited (ABN 68 619 723 867). PAREP 1 Pty Limited is the owner of the Port Augusta Renewable Energy Park (or PAREP) facility.

The Applicant holds an Australian Financial Services Licence (AFSL Licence No: 321435). The Applicant also holds an electricity retailer authorisation issued by the Australian Energy Regulator (identification number TE12019) enabling it to retail electricity in South Australia.

Both PAREP 1 Pty Limited and the Applicant are members of the Iberdrola Group.

The following attachments pertaining to the corporate structure and organisational structure of the Infigen Energy Group are provided to the Commission in confidence:

- **Attachment A - Infigen Energy Corporate Structure** – this structure chart is for the Infigen Energy Group, including the Applicant and its related bodies corporate. (CONFIDENTIAL)
- **Attachment B - Infigen Energy Organisational Chart** – this organisational chart shows the personnel responsible for the key functions of the Infigen Energy Group. These personnel are

available to service the needs of IEL, the Applicant and all other subsidiary entities within the Infigen Energy Group. (CONFIDENTIAL)

- **Attachment C - Officers and Key Personnel of Applicant** – this document contains information in relation to the prior experience and qualifications of the directors and company secretary of the Applicant, together with details of the prior experience and qualifications of other key personnel who will be responsible for the key functions of the Applicant's business. (CONFIDENTIAL)

Further information in relation to the directors of Infigen Energy Limited and the Infigen Energy Group's executive management team is available on the Infigen Energy website at: <https://www.infigenenergy.com/> and on pages 40-41 of the Infigen Energy FY20 Annual Report which is provided as **Attachment H1- FY20 Infigen Energy Annual Report**.

Further information in relation to the board and management of the Iberdrola Group is available on the Iberdrola website at: <https://www.iberdrola.com/>.

2 The Licence

2.1 Date from which Licence is sought

Applicants should usually allow the Commission a minimum of 16 weeks to consider an application, as a public consultation period of at least four weeks forms part of the Commission's consideration of licence applications. If the applicant seeks to have the licence issued by a certain date, provide this date. Please note that the Commission does not undertake to issue the licence by this date.

The Applicant requests that its electricity generation licence application be considered as soon as possible and is seeking to have the licence issued by no later than 1 September 2021 in order to be able to finalise the registration process and enable energisation of the Port Augusta Renewable Energy Park asset by 15 September 2021.

2.2 Nature and scope of operations for which Licence is sought

Applicants for a generation licence must state the location of the generation plant, the expected name plate capacity of the generation plant, the type of generation and fuel used and some details about how the generator is to be connected to the network. Applicants for a wind generation licence must attach a map showing the location of the wind turbines.

This application is in relation to the Port Augusta Renewable Energy Park ("PAREP"), to be located 8km south of Port Augusta in South Australia.

PAREP consists of two sub-plants, including a utility scale solar farm and a large wind farm.

The solar farm will be located at the northern end of the site, west of the Augusta Highway. The wind turbines will be located on both sides of the Augusta Highway, extending south as far as the road to Horrocks Pass. Please refer to **Attachment D1 -477-045-D-C-00002-Layout1** (CONFIDENTIAL) and **Attachment D2 - Single Line Diagram** (CONFIDENTIAL) for the geographical location and layout of the project.

Construction commenced mid-2020 and is expected to take approximately 18 months to complete. The expected energisation date is mid-September 2021. The plant's commercial operation is expected to occur by mid-April 2022.

PAREP's maximum sent out generation will be 270MW. The facility consists of:

- a 210MW wind farm (comprised of 50 x 4.2MW wind turbine generators ("WTGs")); and
- a 99MW solar farm (comprised of 36 x 2.75MW solar inverters).

PAREP will be connected to 275kV buses of ElectraNet's Davenport substation. The connecting plant will include a 4.4km 275kV underground cable, three power transformers (3 x 275/33kV, 3 x 120MVA), the solar farm reticulation system (5 x 33kV feeders) and the wind farm reticulation system (10 x 33kV feeders).

Please refer to **Attachment D2 - Single Line Diagram** (CONFIDENTIAL) for the plant's single line diagram. PAREP will also include 2 x 15MVAR STATCOM to be connected at PAREP's site substation 275kV bus.

2.3 Licensing of electricity entities

Does the applicant for a generation licence supply electricity for reward or by means of a transmission or distribution network?

The Applicant supplies electricity into the transmission network and receives reward (through the National Electricity Market) for the energy. As such, we do not consider that the Applicant is exempt from the requirement to hold an Electricity Licence.

3 Suitability of applicant to hold a licence

3.1 Standard of honesty and integrity shown by Applicant

In deciding whether the applicant is a suitable person to hold a licence, the Commission may:

- ▶ consider the applicant's previous commercial and other dealings; and
- ▶ the standard of honesty and integrity shown in those dealings.

Please provide information that will assist the Commission in its consideration of this matter. If the applicant:

- ▶ has been found guilty of any criminal offence;
- ▶ has been successfully prosecuted under any Territory, State or Commonwealth legislation (such as the Australian Securities and Investments Commission Act 2001 or the Competition and Consumer Act 2010); or
- ▶ has been the subject of disciplinary action;
- ▶ has been the subject of any past or present administrative or legal actions in relation to an authorisation, authority, or licence in any industry,

Details of such matters must be disclosed. Failure to disclose such information or misrepresent any matter relevant to such information may result in the cancellation of a licence.

The Commission may use the service of an external expert to assist with the assessment of the applicant's standard of honesty and integrity.

The Applicant advises that:

- the Applicant has not been found guilty of any criminal offence;
- the Applicant has not been successfully prosecuted under any Territory, State or Commonwealth legislation (such as the Australian Securities and Investments Commission Act 2001 or the Competition and Consumer Act 2010);
- the Applicant has not been the subject of disciplinary action;
- the Applicant has not been the subject of any past or present administrative or legal actions in relation to an authorisation, authority, or licence in any industry.

As a member of the Iberdrola Group, the Applicant must abide by the standards of corporate and individual behaviours that have been endorsed by the Iberdrola Boards. Information regarding the Iberdrola Group's Governance and Sustainability System, including a list of corporate governance policies can be found at: <https://www.iberdrola.com/corporate-governance/governance-sustainability-system>.

These governance policies include a Code of Ethics (the "Code"), a copy of which is attached as **Attachment E - Code of Ethics**. The Code sets out the Iberdrola Group's commitment to the principles of business ethics and transparency in all areas of activity and establishes a set of principles and guidelines for conduct designed to ensure ethical and responsible behaviour by all directors, professionals and suppliers of the Iberdrola Group.

3.2 Standard of honesty and integrity shown by Officers and major shareholders of Applicant

Applicants should address responses to this question in the same manner as 3.1 above except here it relates to officers and major shareholders of the applicant.

Please also supply details of any policies and procedures addressing the probity and competence of officers and other key management staff.

As noted in section 1.6, the Applicant is a wholly owned subsidiary of Infigen Energy Limited, which is in turn a wholly owned subsidiary of Iberdrola, S.A. as the ultimate parent company.

The Applicant is therefore part of the Iberdrola Group and, as such, the Iberdrola Group's Governance and Sustainability System (which can be found at: <https://www.iberdrola.com/corporate-governance/governance-sustainability-system>) applies to the Applicant.

Accordingly, all directors and professionals of the Applicant are required to comply fully with the principles and guidelines of the Code, as well as all applicable laws, obligations and policies.

3.3 Names and addresses of the Officers of Applicant

State the names and addresses of the officers of the applicant. "Officers" of the applicant include the applicant's directors and secretary, and other persons who make or participate in making decisions that affect a substantial part of the business of the applicant.

The directors of the Applicant are:

Ross Kenneth Rolfe; and
Timothy Andrew Nelson.

The Company secretary of the Applicant is David Elwyn Richardson.

For further details in relation to the directors and company secretary of the Applicant, see **Attachment F - Officers of the Applicant Details** (CONFIDENTIAL).

3.4 Names and addresses of major shareholders of Applicant

State the full names and addresses of the major shareholders of the applicant

Iberdrola, S.A. is the ultimate parent company.

Address: Plaza Euskadi, 5 48009 BILBAO, Spain.

Infigen Energy Limited is the Applicant's Australian parent entity.

Infigen Energy Services Holdings Pty Limited is the Applicant's immediate parent.

Address: Level 17, 56 Pitt Street, Sydney NSW 2000.

3.5 Details of the group members

This is information about entities controlled by the applicant, or by the ultimate parent entity of the applicant (if applicable).

Please refer to **Attachment A - Infigen Energy Group Corporate Structure** (CONFIDENTIAL).

As can be seen from this structure chart, there are no entities controlled by the Applicant.

3.6 Additional information

Please answer the following questions.

Is the applicant a resident of, or does it have permanent establishment in, Australia? Where the answer to this question is no, please provide further detail.

Yes

Is the applicant under external administration (as defined in the Corporations Act 2001) or under a similar form of administration under any laws applicable to it in any jurisdiction? Where the answer to this question is yes, please provide further detail.

No

Is the applicant immune from suit in respect of the obligations under the Electricity Act 1996? Where the answer to this question is yes, please provide further detail.

No

Is the applicant capable of being sued in its own name in a court of Australia? Where the answer to this question is no, please provide further detail.

Yes

(attach additional pages if necessary)

3.7 Financial resources available to the Applicant

Provide information about the financial resources available to the applicant. If the applicant is a company, please also enclose:

- ▶ copies of all audited profit and loss statements and balance sheets for the last three financial years (including all notes); and
- ▶ director's declaration that the financial statements comply with accounting standards, give a true and fair view, have been made in accordance with the Corporations Act and that there are reasonable grounds to believe the company/entity will be able to pay its debts as and when they fall due; and
- ▶ the director's report and the audit opinion.

The audited financial statements for the last three financial years for the Applicant are attached in the following attachments:

- **Attachment G1 – FY20 IEM Financial Report**
- **Attachment G2 – FY19 IEM Financial Report**
- **Attachment G3 – FY18 IEM Financial Report**

Each of these reports include a directors' declaration, the directors' report and the audit opinion.

If the applicant is a subsidiary company, please also provide:

- ▶ copies of all audited profit and loss statements and balance sheets of the applicant's parent company for up to the last three financial years.

The audited financial statements for the last three financial years for the Infigen Energy consolidated group, of which IEL is determined to be the parent under applicable accounting standards, are attached in the following attachments:

- **Attachment H1 – FY20 Infigen Energy Annual Report**
- **Attachment H2 – FY19 Infigen Energy Annual Report**
- **Attachment H3 – FY18 Infigen Energy Annual Report**

Each of these reports include a directors' declaration, the directors' report and the audit opinion.

The applicant should also submit copies of:

- ▶ its business plans including at least strategic direction and objectives, identified opportunities in the market place and forecast results; and
- ▶ evidence of capital and liquidity support in place, including any bank or cross guarantees, to support the business and evidence of negotiations with the network service provider concerning credit support arrangements.

Strategic Direction and Objectives

The Applicant does not produce a specific business plan containing content confined to the Applicant's own strategic direction and objectives, independent from the rest of the Infigen Energy Group. That said:

- the primary corporate objective of all companies within the Infigen Energy Group is to operate their plant and conduct their business safely, efficiently and cost effectively;
- the Infigen Energy Group generates and sources renewable energy, adds value to renewables through firming, and, in so doing, provides customers with reliable and competitively priced clean energy;

- the addition of the PAREP facility to the Infigen Energy Group's portfolio will enable the Infigen Energy Group to enter into further electricity supply contracts with commercial and industrial (C&I) customers and other customers in South Australia, thereby improving competition in the South Australian market.

Capital and Liquidity

The Applicant is a member of the Iberdrola Group. The Iberdrola Group has significant financial resources, with 2020 EBITDA of €10.7 billion, 2020 net profit of €3.6 billion and a strong liquidity position, covering more than 18 months of financing needs.

The Australian parent entity of the Applicant is Infigen Energy Limited, the Australian parent entity of the Infigen Energy Group. As a wholly owned subsidiary of Infigen Energy Limited, the Applicant will receive related party funding from other members of the Infigen Energy Group. This funding may take the form of capital contributions or intercompany loans.

Information in relation to the financial position of the Infigen Energy Group is contained within the Financial Report in the FY20 Annual Report provided as **Attachment H1 - FY20 Infigen Energy Annual Report**. In particular:

- as disclosed in Note D2 to the financial statements, as at 30 June 2020 the Infigen Energy Group had unrestricted cash and cash equivalents of ~\$137.4 million on the balance sheet;
- as disclosed in Note G4 to the financial statements, the Infigen Energy Group generated ~\$118 million of cash flow from operating activities in the financial year ending 30 June 2020.

The group is well funded for the size of business it operates.

Information in relation to the financial position of the Applicant is contained within the Applicant's FY 2020 General Purpose Financial Report provided as **Attachment G1- FY20 IEM Financial Report**.

The Applicant also notes that:

- it is not a party to, and hence has no exposure under, any deed of cross guarantee with other members of the Infigen Energy Group; and
- the Applicant has not provided any guarantee in respect of the borrowings of other Infigen Energy Group members.

Network Service Provider – Credit Support Arrangements

As described in section 3.11, PAREP 1 Pty Limited executed a Transmission Connection Agreement with ElectraNet Pty Limited (“**ElectraNet**”) on 26 June 2019. The Transmission Connection Agreement was subsequently amended by a Deed of Variation executed on 21 August 2019. A copy of the Transmission Connection Agreement and the Deed of Variation is provided to the Commission in confidence in:

- **Attachment J1 - Transmission Connection Agreement;** and
- **Attachment J2 – Deed of Variation to Transmission Connection Agreement.**

In accordance with clause 22 and Item 11 of Schedule 1 to the Transmission Connection Agreement, there is no requirement for credit support.

3.8 Additional Details of Structure of Applicant

If the applicant is part of a group of related companies, and/or party to a partnership, joint venture or alliance agreement with another company, please provide:

- ▶ contractual arrangements (e.g. alliance contracts, associate contracts, establishment contracts) that define relationships within the group – including shared resources, guarantees, revenue flows, obligations and or responsibilities.

The Applicant is a related body corporate of PAREP 1 Pty Limited, the owner of the PAREP facility. PAREP 1 Pty Limited will appoint the Applicant as “Intermediary” for the purpose of the AEMO registration. The Applicant holds an Australian Financial Services Licence (“**AFSL**”). The Applicant also holds an electricity retailer authorisation issued by the Australian Energy Regulator (identification number TE12019) enabling it to retail in South Australia.

Details in relation to the human resources to be made available to the Applicant and the PAREP facility by the Infigen Energy Group are set out in Section 3.9 below.

3.9 Human resources available to the Applicant

Provide information about the human resources available to the applicant. This includes:

- ▶ the experience and qualifications of those employees outlined in the organisational chart (see point 1.6); and
- ▶ if the applicant will employ contractor/s to assist with the licensed operations, the name of that contractor/s, details about the experience of the contractor/s in such operations and details of the processes in place to ensure the contractor/s complies with the regulatory obligations imposed by the licence.

The Applicant does not propose to provide the experience and qualifications of each and every employee and does not believe that this is intended. For information in relation to the prior experience and qualifications of officers and other key management personnel of the Applicant, please refer to **Attachment C - Officers and Key Personnel of Applicant**. (CONFIDENTIAL)

The Infigen Energy Group owns and operates multiple energy generation assets in Australia. The Applicant notes that the individuals referred to in these organisational charts are a shared resource across the Applicant and other Infigen Energy Group entities. These shared human resources will provide services for the Applicant and the PAREP facility (including technical expertise and services during construction and operation of the facility).

3.10 Technical resources available to the Applicant

Applicants for a generation licence are asked to provide details about the availability of technical resources to be used in carrying out the operations for which a licence is sought. The information should include details about the technically qualified staff available to the applicant and (if relevant) details of experience gained in similar operations.

Where applicants are relying on a third party to provide staff and resources to meet the technical requirements of the generation licence, please provide:

- ▶ a list of all functions and activities being proposed to outsource;
- ▶ details of any formal agreement/s to provide services, including confirmation that the third party possess relevant technical competencies to conduct the proposed activities;
- ▶ a summary of the third party’s technical capacity to meet relevant obligations, including relevant accreditations; and
- ▶ a summary of the third party’s experience and knowledge in the relevant area.

Please refer to **Attachment C - Officers and Key Personnel of Applicant**, for details of the prior experience and qualifications of officers and other key management personnel of the Applicant. (CONFIDENTIAL)

Please also refer to **Attachment I –Technical Resources**, provided to the Commission in confidence.

3.11 Quality of Electricity Produced/Connection Agreement

The Commission may not issue a generation licence unless it is satisfied that the generating plant (or proposed generating plant) will generate electricity of the appropriate quality for the relevant transmission or distribution network. The Commission will be satisfied that the electricity is of an appropriate quality if the applicant has entered into a connection agreement which meets the Commission's technical requirements with the licensed operator of the relevant transmission or distribution network. Applicants are therefore required to submit a copy of such a connection agreement.

PAREP 1 Pty Limited executed a Transmission Connection Agreement with ElectraNet on 26 June 2019. The Transmission Connection Agreement was subsequently amended by a Deed of Variation executed on 21 August 2019. A copy of the Transmission Connection Agreement and the Deed of Variation is provided to the Commission in confidence in **Attachment J1 - Transmission Connection Agreement** and **Attachment J2 – Deed of Variation to Transmission Connection Agreement**.

PAREP 1 Pty Limited received a 5.3.4A letter from ElectraNet which attached a 5.3.4A letter from AEMO with accepted Generator Performance Standards (GPS) on 7 August 2018. A copy of the ElectraNet letter and attachments are included in **Attachment K1 - ElectraNet Letter**, **Attachment K2 – AEMO 5.3.4A letter**, and **Attachment K3 – Accepted Generator Performance Standards**.

The Applicant is currently updating the PAREP plant's R1 data. It is not expected that there will be any material changes relating to quality of electricity produced.

3.12 Risk Management

Provide confirmation and reasonable evidence that the applicant's management has identified the risks associated with electricity operations and has established, utilises and relies upon risk management systems and processes which are adequate, accurate and current to address those risks. A copy of the applicant's risk management strategy should be submitted.

As a member of the Infigen Energy Group, the Applicant is subject to the group's Risk Management Framework, a copy of which is attached as **Attachment L1 - Risk Management Framework**. (CONFIDENTIAL). This Risk Management Framework has been designed and developed in keeping with the principles and guidelines in the Australian Standard AS ISO 31000:2018 *Risk Management – Guidelines*.

The Applicant has also developed a preliminary operational risk register for PAREP, a copy of which is attached as **Attachment L2 - PAREP Operational Risk Register** (CONFIDENTIAL).

3.13 Development Act Approval

Please advise if the applicant has or is applying for approval under the Development Act 1993 (SA). If so, provide details, including the date on which approval was or will be granted.

Please refer to **Attachment M1 - Development Approval (2015)** and **Attachment M2 – Development Approval (2019)**, provided to the Commission in confidence.

In summary, the original Development Approval for PAREP was obtained on 25 November 2015. A variation to the Development Approval was subsequently approved in April 2019.

We note that as the approved variation did not involve any changes to the total capacity of the PAREP plant, the DEM (office of Technical Regulator) has confirmed that the plant is not required to meet the technical requirements of the OTR that were introduced on 1 July 2017. Please refer to the DEM (OTR) email correspondence included in **Attachment N - OTR Correspondence** (CONFIDENTIAL).

3.14 Registration with AEMO

Please advise if the applicant will apply to register with AEMO. If so, provide details. Applicants for a wind generation licence should note that registration as a semi-scheduled market participant is required for all new generators and all expansions to existing wind generation plant.

The Applicant will be applying for registration with AEMO as a semi-scheduled market generator in respect of the PAREP facility, as intermediary for PAREP 1 Pty Limited.

The Applicant is currently updating the PAREP plant's R1 data that is required for Generator Registration. The Applicant will be applying for Generator Registration in due course and will keep ESCOSA updated on progress.

3.15 Licences held by the Applicant in other Australian jurisdictions.

If the applicant holds, or has previously held, electricity and/or gas licences in other Australian jurisdictions please provide details. If a licence previously held has been suspended or cancelled, please provide details.

The Applicant holds an electricity retailer authorisation issued by the Australian Energy Regulator (identification number TE12019). There are no licences previously held by the Applicant that have been suspended or cancelled.

3.16 Previous unsuccessful licence applications in other Australian jurisdictions

Please state whether the applicant has applied for an electricity or gas licence in another Australian jurisdiction and not been issued with a licence, and provide details if relevant.

The Applicant has not been unsuccessful in applying for an electricity or gas licence in any Australian jurisdiction.

3.17 Licences held by Associates of the Applicant

If an associate of the applicant (within the meaning of the Corporations Act) holds an electricity or gas licence in South Australia or in other Australian jurisdictions, please provide details.

Walkaway Wind Power Pty Ltd (ABN 43 110 397 709), a subsidiary of the Applicant's ultimate parent company Iberdrola, S.A., holds an electricity generation licence issued by the Economic Regulation Authority of Western Australia (Licence number EGL2).

Infigen Energy Holdings Pty Ltd (ABN 86 111 909 794), a subsidiary of the Applicant's ultimate parent company Iberdrola, S.A., holds an electricity retailer authorisation issued by the Australian Energy Regulator (identification number E13049).

Infigen Energy Holdings Pty Ltd (ABN 86 111 909 794), a subsidiary of the Applicant's ultimate parent company Iberdrola, S.A., holds an electricity retail licence issued by the Essential Services Commission of Victoria.

Lake Bonney Wind Power Pty Ltd (ABN 48 104 654 837), a subsidiary of the Applicant's ultimate parent company Iberdrola, S.A., holds an electricity generation licence issued by ESCOSA for the Lake Bonney Wind Farms (Stages 1-3) and the Lake Bonney Battery Energy Storage System.

Infigen Energy SAGT Pty Limited (ABN 77 635 710 360), a subsidiary of the Applicant's ultimate parent company Iberdrola, S.A., holds an electricity generation licence issued by ESCOSA in respect of the gas turbine power facility located at Lonsdale, South Australia.

3.18 Compliance Plans

Applicants are required to submit a copy of their Compliance Plan which demonstrates how the compliance systems the applicant has (or will have) in place will ensure compliance with all of the applicable regulatory obligations imposed by the relevant licence.

A draft Compliance Plan (**Attachment O - RIEN-HIN-SAP0000-0001Rev0A-COMPLIANCE PLAN_draft**) (CONFIDENTIAL) is attached. The draft Compliance Plan will be amended to include any additional licence conditions applicable to the Applicant in accordance with the recommendations made by AEMO and as approved by ESCOSA.

3.19 Additional Information

The Commission encourages applicants to provide any additional information they consider would be of assistance in supporting the application. Please provide below.

4 Factors specified in the Essential Services Commission Act 2002

In considering a licence application, the Commission must have as its primary objective protection of the long term interests of consumers with respect to the price, quality and reliability of electricity supply, and must also have regard to the need to:

- (a) promote competitive and fair market conduct;
- (b) prevent misuse of monopoly or market power;
- (c) facilitate entry into relevant markets;
- (d) promote economic efficiency;
- (e) ensure consumers benefit from competition and efficiency;
- (f) facilitate maintenance of the financial viability of regulated industries and the incentive for long term investment;
- (g) promote consistency in regulation with other jurisdictions.

If the applicant believes that information about their application would assist the Commission in its consideration of these factors, the applicant should provide such information below.

The Applicant believes that the approval of this application will serve the long-term interests of South Australian consumers with respect to the price, quality and reliability of electricity supply by:

- providing further competition in the National Electricity Market;
- providing a proof of concept into the use of hybrid plant on a utility-scale; and
- strengthening the ability of the Infigen Energy Group, as part of the Iberdrola Group, to pursue further commercial and industrial (C&I) customer electricity supply contracts with a lowered supply risk and therefore a lower cost due to a firmer availability of supply from the hybrid system. The Infigen Energy Group's strategy in Australia is to combine intermittent renewables with fast-start firming assets, to offer customers reliable and competitively priced clean energy.

5 Application fees

Applicants for a licence must pay to the Commission an application fee fixed by the Minister for Energy and Mining from time to time. This fee is presently set at \$1,000 per licence. Please enclose this fee with the application. An application cannot be considered until this fee has been received and cannot be refunded.

6 Declaration

All information in this application for the issue of a licence to authorise electricity generation operations in the electricity supply industry in South Australia must be verified by a Statutory Declaration of the applicant, in accordance with the provisions of the Oaths Act 1936 (SA)⁵, stating that the information contained in the application is true and correct to the best of the applicant's knowledge, information and belief.

Where the applicant is a body corporate, evidence of the relevant authority of the declarant to sign on behalf of the body corporate must also be provided to the Commission.⁶

Statutory Declaration

I TIMOTHY ANDREW NELSON

of 78 MACAULEY STREET, LEICHHARDT NSW 2040

do solemnly and sincerely declare that the information contained in this Application for the issue of a licence to authorise electricity generation operations in the electricity supply industry in South Australia is true and correct to the best of my knowledge information and belief.

And I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Oaths Act 1936.

Date 25 MARCH 2021

Signature 

(Where the applicant is a body corporate, the declaration must be made by a person authorised by body corporate to sign on its behalf)

Declared at: SYDNEY this 25TH day of MARCH 2021

Before me: 
SOLICITOR (NSW)

(Signature of Justice of the Peace or other person authorised under the Oaths Act 1936)

⁵ or equivalent legislation in other Australian jurisdictions.

⁶ The Commission will accept a copy of a Board minute (or circulating resolution) giving approval for the declarant to sign on behalf of the applicant as evidence of the relevant authority.

Attachment 1

2017 model licence conditions for new generators⁷

Interpretation of this schedule

1. Interpretation
 - 1.1 Terms used in this schedule and also in the National Electricity Rules (**NER**) have the same meaning in this schedule as they have in those rules (unless otherwise specified or unless the context otherwise requires).
 - 1.2 This schedule retains the numbering convention of the 2017 model licence conditions.
 - 1.3 For the purposes of this schedule, the term:

Commission means the Essential Services Commission established under the Essential Services Commission Act 2002.

licensee means (Name of applicant)⁸

Disturbance ride through capability

9. Disturbance ride-through (voltage phase angle shift)
 - 9.1 The generating system of the licensee must not include any vector shift or similar relay/protective function acting upon voltage phase angle which might operate for phase angle changes less than 20 degrees.

System strength

11. System strength
 - 11.1 Individual components of plant within the generating system of the licensee, which includes but is not limited to generating units and dynamic reactive power plant, must be capable of operating down to the following levels at the high voltage terminals in relation to each component:
 - (a) minimum short circuit ratio of 1.5; and
 - (b) minimum positive sequence X/R ratio of 2.

System restoration

16. System restoration
 - 16.1 Where sufficient minimum fault level is available from online synchronous machines, the generating system of the licensee must have the following capability in the event of a black system:
 - (a) the generating system must be capable of operation with auxiliary loads only for X⁹ minutes while system load is being restored, and
 - (b) the generating system, including, but not limited to, each of its generating units and dynamic reactive power plant (as applicable) must have the capability to provide steady-

⁷ The numbering convention of the conditions retains the numbering convention of the 2017 model licence conditions as amended in the 2019 Report [Licensing Arrangements for Generators in South Australia](#)

⁸ To be inserted by the Commission at the time the licence is issued.

⁹ The exact duration will be specified by the Commission at the time the licence is issued.

state and dynamic reactive power when operating with auxiliary loads only for X¹⁰ minutes while system load is being restored.

¹⁰ The exact duration will be specified by the Commission at the time the licence is issued.



The Essential Services Commission
Level 1, 151 Pirie Street Adelaide SA 5000
GPO Box 2605 Adelaide SA 5001
T 08 8463 4444

E escosa@escosa.sa.gov.au | W www.escosa.sa.gov.au