

Application for electricity generation authority

Aatlis Utilities Pty Ltd

Information paper

April 2019

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1. Background

Aatlis Utilities Pty Ltd (ACN 629 858 724), the applicant, has applied to the Regulator for a generation authority under the *Electricity Act 1994* (the Act). Under the Act, the Regulator is the Director-General of the Department of Natural Resources, Mines and Energy (the department), being the chief executive of the department that administers the Act.

The application for a generation authority is in respect of a proposed hybrid Gas and Solar power plant (the generating plant), located in the Charlton area approximately 15km West of Toowoomba, on:

- Lot 1 and 2 on RP159685
- Lot 5 on SP217416
- Lot 36 on AG108
- Lot 28,30,31,32,33 and 34 on RP24623
- Lot 2 on RP24628
- Lot 1 on RP46695
- Lot 1 and 2 on RP195310.

The proposed generating plant will consist of approximately 22, 500 x 445 watt (W) solar panels and with 4 x 2.5 megawatt (MW) inverters representing 10 megawatts (MW). The gas component, representing 30MW, will be via 15 x 2MW Siemens-supplied gas engines. The plant will have an overall nameplate rating of 40 MW DC.

The applicant proposes to run a non-grid connected microgrid, servicing existing and proposed customers and power loads including data centres. A special approval is required for this microgrid and this will be the subject of a separate application.

The applicant will be the operator of the generating plant while Engineering, Procurement and Construction (EPC) functions will be provided by FK Gardner and Sons Pty Ltd. Operations and Maintenance (O&M) services for the gas and solar components are being finalised.

The applicant is a corporate entity specifically established to own and operate the proposed generating plant. It is proposed that Aatlis Utilities Pty Ltd will be 100 per cent owned by Witmack Industrial Pty Ltd. Currently FKG Group companies (FKG Logistics and Witmack Developments) hold 67.95 per cent of the shares in Witmack Industrial Pty Ltd and 32.05 per cent of shares are held by stakeholders external to the FKG Group.

Established in 1977, the FKG Group has grown to include construction and civil businesses, and operations in the Mining sector. The FKG Group is supported by other complementary divisions including Plant Hire (Ezyquip Hire) Electrical and mechanical Services (NRG Services) and Industrial Plumbing (Total Hydraulic Services).

The generation authority, if issued, will authorise operation of the generating plant.

Subject to receipt of all necessary approvals (including this generation authority), the applicant anticipates the generating plant will reach commissioning stage in mid-2020.

2. Consideration of an application

The Act provides that the Regulator may issue a generation authority only if satisfied:

- (a) the applicant will operate the generating plant stated in the application
- (b) the generating plant will be able to provide electricity of a quality suitable for the transmission grid or supply network stated in the application
- (c) the applicant is a suitable person to be a generation entity
- (d) the owner or proposed owner of the generating plant (whether or not the applicant) is a suitable person to be the owner
- (e) the applicant meets the additional criteria prescribed under a regulation. (Note that no additional criteria are prescribed by regulation).

In deciding whether the applicant is a suitable person to be a generation entity, or the owner or proposed owner of the generating plant (whether or not the applicant) is a suitable person to be the owner, the Act states the Regulator may consider:

- (a) the person's previous commercial and other dealings and the standard of honesty and integrity shown in the dealings
- (b) any failure by the person to perform commercial or statutory obligations and the reasons for the failure
- (c) the person's criminal history
- (d) if the person is a corporation – the matters mentioned in paragraphs (a) to (c) for persons who are shareholders, directors or holders of other interests in the corporation
- (e) for the applicant – the applicant's competence to be the operator
- (f) additional matters prescribed by regulation (Note that no additional matters are prescribed by regulation).

Further, the Act provides that, in deciding whether to issue the generation authority, the Regulator must consider:

- (a) the objects of the Act
- (b) relevant government policies about environmental and energy issues and the likely environmental effects of building and operating the generating plant
- (c) additional matters prescribed under a regulation (Note that no additional matters are prescribed by regulation).

The Act also stipulates that, before issuing a generation authority, the Regulator must invite interested persons to make submissions about the application for the authority and the Regulator must consider the submissions made.

3. The applicant

The information set out in sections 3 to 5 of this information paper was provided by the applicant as part of its formal application to the Regulator for a generation authority.

The applicant will be the operator of the generating plant. Engineering, Procurement and Construction (EPC) functions will be provided by FK Gardner and Sons Pty Ltd (a subsidiary of the FKG Group). Operations and Maintenance (O&M) services for both the gas and solar components are being finalised.

The FKG Group was established in 1977 with the head office being in Toowoomba and branch offices in Brisbane, Mackay, Cairns, Roma, Townsville, Rockhampton, Newcastle, Dubbo and Darwin. The FKG Group has financial turnover of approximately \$700 million and a workforce of 800 people. Subsidiary company FKG Civil, has over 10 years' experience working with Electrical Infrastructure projects and the FKG Group has delivered over \$1.5 billion worth of projects around Queensland in the last 8 years. The FKG Group and its partners have extensive relevant technical expertise, including experience in the gas industry and operate several exempt embedded power networks in retail and medical centres.

Witmack Industrial Pty Ltd is a property development and Investment company and has been in operation since 2011 with direct assets of \$88 million and income of \$3.2 million per annum.

The applicant was registered as an Australian propriety company limited by shares on 7 November 2018 and is a special-purpose entity established specifically for the proposed generating plant.

The applicant considers it and the other relevant entities have the engineering, technical and operational expertise to competently operate the proposed generating plant.

4. The proposed generating plant

The proposed generating plant will consist of gas and solar generation.

The plant will be located in the Charlton area approximately 15km West of Toowoomba, on:

- Lot 1 and 2 on RP159685
- Lot 5 on SP217416
- Lot 36 on AG108
- Lot 28,30,31,32,33 and 34 on RP24623
- Lot 2 on RP24628
- Lot 1 on RP46695
- Lot 1 and 2 on RP195310.

The proposed generating plant will consist of approximately 22, 500 x 445 watt (W) solar panels and with 4 x 2.5 megawatt (MW) inverters representing 10 megawatts (MW). The gas component, representing 30MW, will be 15 x 2MW Siemens-supplied gas engines. The plant will have an overall nameplate rating of 40 MW DC.

5. Approvals for construction of the generating plant

A generation authority issued under the Act authorises its holder to operate the generating plant.

It should be noted that a generation authority does not authorise or approve the construction of generating plant and, indeed, that is not a matter within the jurisdiction of the Act or the Regulator. Section 26(2) of the Act states:

“..a generation authority does not relieve its holder or anyone else from complying with laws applying to the development, building, operation or maintenance of generating plant.”

The proponent of the generating plant has the responsibility to obtain all approvals necessary for construction and ongoing operation of the plant, including relevant environmental and local government approvals.

The applicant has obtained the following approvals, with a 30 year term, through the Toowoomba City Council:

- Material Change of Use – Renewable Energy Facility (Solar)
- Material Change of Use – Major Electricity Infrastructure (Battery Storage and New Substation for Transmission) Gas Burning
- Material Change of Use – Special Industry (Gas Burning).

The applicant also has an Environmental Authority for environmentally relevant activity, i.e., Electricity Generation (Gas burning capacity for 10MW or more).

Ecological Assessment (flora & fauna) and Cultural Heritage reports are currently under development.

6. Submissions

Submissions are invited from interested persons in relation to the application from Aatlis Utilities Pty Ltd for a generation authority.

In particular, the Regulator is interested in matters that may impact on the suitability of Aatlis Utilities Pty Ltd to be a generation entity, the suitability of Witmack Industrial Pty Ltd to be the owner, as well as the other issues the Regulator must consider under the Act.

Please note that private personal and commercial-in-confidence information contained within a submission may be provided to a third party for the purpose of consideration of the application. In the case where the Regulator provides an opportunity for an applicant to respond to matters raised in a submission, the private personal information and commercial-in-confidence information of the person making the submission will not be provided to the applicant. The State of Queensland, through the department, has taken steps to ensure the appropriate treatment of such information by departmental staff and contractors. By submitting a submission, you agree that your submission will be used by the department and its contractors in reviewing and processing the applications.

All personal and commercial-in-confidence information will be stored at the office of the department, and in accordance with the relevant privacy legislation. The department's privacy statement can be found at www.dnrme.qld.gov.au/home/legal/privacy. If you have any questions or queries you can email the department's privacy unit at privacy@dnrme.qld.gov.au.

Submissions must be made in writing, and sent by email or mail to:

Mail:

Attention: The Manager
Commercial and Regulation, Energy Division
Department of Natural Resources, Mines and Energy
PO Box 15456
CITY EAST QLD 4002
Phone: 13 43 87

Email: energyregulation@dnrme.qld.gov.au

Closing date for submissions is 5.00pm on 27 May 2019.