

Your Ref: D175679
Our Ref: WRM-0035 / DM#11287797
Enquiries: Will Bargmann
Telephone: 6282 7719

28 July 2017



Ms Nicola Cusworth
Chair
Economic Regulation Authority
Level 4, Albert Facey House
469-489 Wellington Street
PERTH WESTERN AUSTRALIA 6000

Dear Ms Cusworth

**RE: SYNERGY BALANCING SUBMISSIONS – REQUEST FOR EXPLANATION UNDER
CLAUSE 2.16.9B OF MARKET RULES**

Synergy acknowledges receipt of your letter dated 26 July 2017 requesting an explanation under clause 2.16.9B(aA) of the Wholesale Electricity Market Rules in relation to certain Balancing Submissions made by Synergy during the period from 1 April 2016 to 10 July 2017.

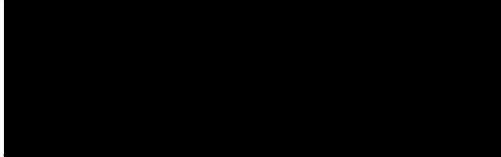
Synergy denies that it has engaged in any inappropriate or anomalous market behaviour in relation to the pricing of offers in its Balancing Submissions during that period, or at all. Synergy has in place robust checks and procedures to ensure that it complies with its legal and regulatory obligations. As the ERA is aware, Synergy also obtains independent reports and advice to ensure it meets those obligations.

Synergy is disappointed that the ERA did not accept an offer from Synergy to address any queries the ERA had about the prices in Synergy's Balancing Submissions and any market power concerns. Had the ERA approached Synergy about these matters, Synergy considers it would have been able to address the concerns set out in the ERA's letter.

As your letter notes, the pricing conduct in question covers some 6000 Trading Intervals over a period of approximately 15 months. Synergy acknowledges that clause 2.16.9C of the Market Rules requires Synergy to respond to the ERA's letter within 2 days, which Synergy has done by this letter. In the circumstances, Synergy considers that it is not possible for it to provide a detailed response to the very serious assertions contained in the ERA's letter in that timeframe.

However, Synergy reiterates its offer to meet with the ERA and work with it over a mutually convenient and reasonable timeframe to address any queries or concerns that the ERA may have. Synergy is confident that such an approach will result in the ERA accepting that Synergy has complied with its obligations under the Market Rules.

Yours sincerely

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JASON WATERS
CHIEF EXECUTIVE OFFICER