



**2017 Report to the Minister on the  
Effectiveness of the Electricity Generation  
and Retail Corporation Regulatory Scheme –  
Discussion Paper**

**Alinta Energy  
Submission**

*Submitted online*

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Alinta Energy (**Alinta**) welcomes the opportunity to comment on the Economic Regulation Authority's (**the ERA**) 2017 Report to the Minister on the Effectiveness of the Electricity Generation and Retail Corporation Regulatory Scheme (**the Scheme**) - Discussion Paper.

As a private sector participant in the Wholesale Electricity Market, Alinta supports the basis of the Scheme, which aims to provide competitive neutrality to ensure efficient market outcomes occur. Noting this support, Alinta considers that:

- the Scheme cannot remain a static instrument but rather that it must evolve and undergo amendment to remain fit for purpose; and
- the ERA should satisfy itself that Synergy is able to act, and acts, commercially and efficiently in the sale and purchase of energy, within the constraints imposed upon it by the regulations.

Alinta also supports the regular review of the effectiveness of the Scheme and the ongoing compliance of Synergy with the Scheme.

However, it's noted the Scheme has now been in place for over four years and in that time the ERA has undertaken three reviews of the Scheme and has made various recommendations to improve both compliance with, and the operation of the Scheme. To Alinta's knowledge none of these recommendations have been implemented.

As the ERA and the industry embarks on the fourth review of the Scheme, it is timely to consider the on-going benefit to the industry of annual reviews.

Alinta believes the industry would be best served by the following approach to the Scheme going forward:

1. The ERA to review the effectiveness of the Scheme every three years. The recommendations from the review should be tabled in Parliament along with the timetable and approach to the implementation of the recommendations (as agreed with Synergy, where appropriate);
2. Synergy to self-report Scheme compliance breaches to the Auditor General; and
3. The Auditor General to continue its annual Scheme audit/reviews of Synergy.

In addition to the comments made above, for the purpose of the current Scheme review already underway by the ERA, Alinta supports the review's focus on the transfer pricing and ring fencing requirements.

In particular, Alinta urges the ERA to consider whether the principle of non-discrimination is being applied appropriately by Synergy. That is, the price offered by the WBU to the RBU should be the same price offered to all like retailers.

In this regard, Alinta supports the ERA's intention to "review the instances since the merger where the RBU and WBU have met and whether these meetings could have provided a competitive advantage for the RBU, against the intent of the non-discrimination requirements in the regulations."

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