



Notice

31 August 2021

Effectiveness of the Synergy regulatory scheme review 2018 to 2020

Republication of discussion paper

The ERA has released a revised discussion paper to inform its review of the operation of the Electricity Generation and Retail Corporation (EGRC) regulatory scheme.

The scheme was put in place to manage the merger of Verve Energy and Synergy which occurred in 2014, and includes requirements for ring-fencing, business segregation, transfer pricing, non-discriminatory wholesale electricity trading and the provision of standard products.

This discussion paper was first published on 4 August 2021, and later removed from the ERA website while the ERA addressed a claim by Synergy that confidential information had been published.

The discussion paper contains the ERA's preliminary findings on the operation of the maximum standard product buy-sell spread and the effectiveness of the standard product regime. Standard products are fixed parcels of energy that Synergy must offer to buy or sell in the future at published prices. The spread is the difference between the price at which Synergy sells standard products in the market and the price at which it buys standard products in the market.

Synergy has applied the maximum standard product spread to buy and sell prices in every instance during the scheme's operation. This has created the possibility for Synergy to recoup a larger return on standard product transactions than it needs to cover the cost of its risk. This may be reducing the scheme's effectiveness at mitigating the potential for Synergy to exploit its market position as a dominant, vertically integrated electricity business.

Submissions from stakeholders will inform the ERA's final report to the Minister for Energy, which is due by the end of 2021.

Invitation for submissions

The ERA invites interested parties to make submissions on the discussion paper available on our [website](#).

Submissions close 4:00 pm (WST) Tuesday, 28 September 2021.

Submissions should be lodged online using the form on our website
www.erawa.com.au/consultation.

Further information

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