

4 October 2021

Elizabeth Walters  
Assistant Director Electricity  
Economic Regulation Authority  
Level 4, Albert Facey House  
469 Wellington Street  
**PERTH WA 6000**

Dear Ms Walters

**Classification of service provided by batteries owned by Western Power (WP)**

Synergy is Western Australia's largest network user paying approximately \$1.3B annually in network charges. Synergy is also the State's largest electricity retailer with more than 1 million customers. In addition, Synergy has previously and is currently undertaking a number of initiatives involved with connecting, operating and orchestrating batteries withing the SWIS.

Synergy welcomes the consultation opportunity in relation to the Economic Regulation Authority's (ERA) consultation paper.

The ERA in its final decision on the framework and approach (FA) for WP's fifth access arrangement (AA5) considered a range of matters raised by industry and users and proposed that services provided by batteries owned by WP should be classified as excluded services, in accordance with clause 6.33 of the Electricity Network Access Code 2004 (ENAC). Synergy in its FA submissions supported this approach.

Synergy supports the ERA's consideration of this issue and the matters raised in the consultation paper. In particular, Synergy considers:

1. The supply of services from batteries is subject to effective competition.
2. The revenue for services provided by, and the cost of a battery can be easily identified and excluded from the network operator's price control without departing from the ENAC objectives. Noting that efficient prices is a key ENAC objective in the long-term interests of consumers.
3. Given the matters raised by the ERA, industry stakeholders, Synergy's experience in deploying its own batteries and using services from batteries owned by other parties, Synergy considers that battery services provided by batteries owned by the network operator should be excluded services. That is, users should have a choice of operating their own battery or procuring competitive battery services from industry suppliers or the network operator.
4. Clause 2.2 of the ENAC requires the ERA to give regard to the ENAC objectives. Synergy considers an excluded service classification is consistent with the ENAC objectives and will promote the efficient investment in and efficient use of services in relation to the network.

5. The Demand Management Innovation Allowance mechanism does provide opportunities for the network operator to fund innovative battery research and development to reduce long term network costs.
6. Clause 6.37 of the ENAC permits the ERA to be responsive to changing industry needs and allows it to revoke and amend its excluded service determination at any time.

Synergy looks forward to the publication of the final determination. Should you have any questions in respect to this submission please contact me on (08) 6282 7431.

Yours sincerely

**KARTHI MAHALINGHAM**  
**MANAGER, NETWORK REGULATION AND COMPLIANCE**