



Media Statement

27 June 2023

Economic Regulation Authority reaches settlement agreement with Synergy on Market Rule contravention

Households to benefit from electricity account credit

The ERA and Synergy have agreed to a settlement in respect of proceedings brought by the ERA before the Electricity Review Board in relation to Synergy's bidding behaviour in the wholesale market. The agreement requires Synergy to pay the sum of \$30 million for its contravention of the Wholesale Electricity Market Rules.

In 2019 the ERA filed an application with the Electricity Review Board alleging that Synergy had breached the Market Rules by pricing its electricity in the balancing market above its reasonable expectation of short run marginal costs and that this behaviour related to market power. The ERA alleged that this increased the price of electricity in the wholesale balancing market. The investigation period covered April 2016 to July 2017.

The Electricity Review Board's decision in November 2022 held that Synergy engaged in the contravening conduct alleged by the ERA and made directions for a further hearing on the penalty for the contravening conduct.

The ERA and Synergy have now settled this matter by agreement.

Under the settlement agreement, Synergy will pay the sum of \$30 million which will be distributed to eligible non-contestable residential customers. This means that households will receive a direct credit of approximately \$28 off their Synergy electricity bill. These credits will be made over the next 4 months as part of the normal billing process.

Synergy will also undertake an independent review of the internal circumstances around the contravening conduct including its market bidding behaviour.

The Chair of the ERA, Steve Edwell said that the ERA welcomed the outcome which brings to an end the long period of litigation.

"Synergy will pay \$30 million and has publicly acknowledged its contravention of the Market Rules."

"The learning here is that electricity generators must ensure that the costs underpinning their wholesale market prices are consistent with the Market Rules. This is especially the case for generators who have market power."

Mr Edwell said that Market Rules compliance risks should be a feature of governance processes and boards of electricity generation businesses should establish and document methodologies for pricing their generation offers and hold management accountable for implementation.

Mr Edwell said that the ERA sought that the \$30 million be paid directly to Synergy's eligible residential customers rather than back to the wholesale market participants. "This will provide some relief to current cost of living pressures," he said.

The credit will be separate from and on top of the energy bill relief measure announced by the Western Australian and Commonwealth Governments in their respective Budgets.

About the ERA

The ERA is Western Australia's independent economic regulator. We aim to ensure the delivery of water, electricity, gas and rail services in Western Australia is in the long-term interest of consumers.

For further information contact:

Danielle Asarpota
Manager Strategic Communications
Ph: +61 428 859 826
media@erawa.com.au

D260605