



Notice

15 September 2023

Effectiveness of the Synergy regulatory scheme - 2023

Publication of discussion paper

The ERA is seeking feedback to inform its report to the Minister for Energy on the effectiveness of the Electricity Generation and Retail Corporation (EGRC) regulatory scheme.

The EGRC scheme began in 2014 with the creation of the retailer and generator, Synergy, from the merger of two State Government owned entities. To facilitate a level playing field for new and existing market participants, the EGRC scheme requires Synergy to apply business segregation, ringfencing, transfer pricing, non-discriminatory wholesale electricity trading, and to make standard products available for market participants to buy and sell.

The [discussion paper](#) presents the ERA's findings that:

- The standard products regime is necessary to mitigate Synergy's market power as the dominant supplier in the wholesale electricity contracts market. Standard products are fixed parcels of electricity that Synergy must offer to trade at published prices.
- The EGRC scheme's disclosure mechanism – including Synergy's segmented financial disclosures and the transfer pricing arrangements – does not provide information that can be used to detect anti-competitive conduct in the contestable retail market.

The discussion paper seeks feedback on proposals to:

- Exclude large vertically integrated entities with access to significant generation assets from trading in standard products. This proposal will allow standard products to continue as a price discovery tool and as a hedge product for other entities.
- Remove the disclosure mechanism as it lacks relevance due to the maturing of the Wholesale Electricity Market since the EGRC scheme began.

Invitation for submissions

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

Submissions close 4:00 pm (WST) Friday, 13 October 2023.

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

Further information

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