

Approval of Synergy Gas Standard Form Contract

11 April 2007

Economic Regulation Authority



WESTERN AUSTRALIA

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DECISION

1. The Authority approves the Gas Standard Form Contract submitted by Synergy.

REASONS

Background

2. Since 2002, gas customers with an annual consumption of 1TJ or more have been able to obtain gas from a supplier of their choice.
3. Since this time, Western Power, and subsequently Synergy and Verve, have been prevented, by Ministerial direction, from supplying gas to customers that consume less than 1TJ per annum.
4. On 23 August 2006, the Minister for Energy announced this direction would be relaxed as of 1 July 2007, which, in effect, will enable Synergy to supply customers who consume between 180GJ and 1 TJ per annum.
5. The *Energy Coordination Act 1994 (Act)* provides that a person must not sell, to small use customers, gas transported through a distribution system except under the authority of a trading licence granted by the Authority.
6. In accordance with s11WE of the Act, the Authority can only grant a trading licence if it has approved the Standard Form Contract under which the applicant intends to supply gas.
7. On 1 March 2007, Synergy indicated to the Authority that it intends to apply for a Gas Trading licence to allow it to sell gas to small use customers consuming more than 180GJ per annum and submitted its draft Standard Form Contract.
8. On 9 March 2007, the Authority released a Notice inviting public submissions on the draft Standard Form Contract. A copy of this Notice was sent to all Interested Parties registered to receive such information and was placed on the Authority's web site.
9. In accordance with the Authority's *Public Consultation Guidelines – For Electricity, Gas & Water Licences and Electricity & Gas Standard Form Contracts (July 2006)*, the Authority provided a public consultation period of at least 15 business days.
10. On 23 March 2007, the Minister for Energy formally announced the variation of the direction, referred to in paragraph 4 above, in the Government Gazette.
11. Public submissions to the Authority, regarding the draft Standard Form Contract, closed at 5pm on Friday, 30 March 2007.
12. The Authority received submissions from:
 - Worley Parsons Asset Management
 - AlintaAGL

DISCUSSION

13. S11WF(1) of the Act provides the Authority with the discretion to either approve or refuse to approve a Standard Form Contract.
14. S11WF(2) of the Act states that the Authority is not to give such approval if the Standard Form Contract will not meet the requirements of the *Energy Coordination (Customer Contract) Regulations 2004* or will be inconsistent with any legislation or the licence concerned.
15. There were no significant issues of relevance raised within the submissions that would warrant the Authority refusing to grant approval of the Standard Form Contract.
16. The Authority has reviewed the Standard Form Contract and is satisfied that the requirements referred to in S11WF(2) of the Act have been fulfilled.