



PERDAMAN
CHEMICALS & FERTILISERS

15th February 2011

Economic Regulation Authority
Level 6, 197 St Georges Terrace
Perth WA 6000
Via email: publicsubmissions@erawa.com.au

To Whom It May Concern

RE: Prohibition and restriction on Synergy and Verve Energy under the Electricity Corporations Act

Perdaman Chemicals and Fertilisers Pty Ltd welcomes the opportunity to comment on the Economic Regulation Authority's discussion paper on the "Prohibition and restriction on Verve Energy under the Electricity Corporations Act".

Perdaman believes that Verve Energy should be allowed to retail to commercial and industrial (C&I) customers. Verve Energy's generation portfolio, market knowledge and strong credit rating provide an attractive value proposition for C&I customers. We value these attributes in a counterparty, and would consider contracting directly with Verve Energy were Verve permitted to do so.

Perdaman recognises that the retail moratorium originally reflected a concern at the time of market reform that Verve could leverage its dominant position in the wholesale market to raise customers' costs in the retail market. However, we believe that there is no longer a reason to extend the retail moratorium. Verve's market share has declined substantially and the measures that would remain in place, including Verve's Vesting and Displacement contracts, the 3,000 MW capacity cap and the wholesale electricity market surveillance regime effectively control any residual ability Verve might have to exercise market power in the wholesale market. C&I customers in particular could potentially backward-integrate into the retail market themselves (as some have done) were any retailer to seek to exercise market power in their negotiations with such customers.

If further information is required on any of the issues discussed, I can be contacted on (08) 9429 5111.

Yours sincerely,

Andreas Walewski
Director (Corporate)