



Economic Regulation Authority

Promoting fair prices, quality services and choice

# PUBLICATION

## 2010 Annual Wholesale Electricity Market Report to the Minister for Energy

In its 2010 Annual Wholesale Electricity Market Report (Report) to the Minister for Energy released today, the Economic Regulation Authority has concluded the Wholesale Electricity Market in Western Australia has to date been relatively successful.

Under the *Wholesale Electricity Market Rules*, the Authority must provide the Minister with a report on the market's effectiveness at least annually, and require that the Authority, after consultation with the Minister, publishes the report.

In its Report, the Authority assessed the performance of the Market in meeting its objectives<sup>1</sup> and concluded that the Market has been relatively successful thus far, with:

- A number of new generators becoming established in the Market, decreasing Verve Energy's market share from 77 percent in 2007 to 60 percent in 2010;
- Increased trade volumes in the Short Term Energy Market; and
- Greater bilateral contracting activities between market participants other than Verve Energy and Synergy.

However, the Report highlights that the Market is still dominated by Verve Energy and Synergy, with Synergy's energy sold market share remaining steady at 80 percent. A number of issues that are limiting the progression to a more competitive electricity market which concern the Authority include:

- Market competition, particularly the slow progress towards increased competition in the retail market and the need for clarity about the State Government's policy intentions and timeframe for increasing competition.
- Whether the Replacement Vesting Contract encourages the development of competition in the generation, wholesaling and retailing of electricity.
- The inefficiencies of renewable energy schemes and their adverse impact on consumers.

The Authority recommends a review should be carried out into the overall level of competition in the Market and that this review should be undertaken in a transparent, open and consultative manner led by a better resourced Office of Energy.

The Authority provided the Report to the Minister on 6 May 2011. Subsequently the Authority provided an update of the Report on 14 June 2011 to clarify that the feed-in tariff scheme in Western Australia is currently funded via Consolidated Revenue. The publicly released Report has had confidential or sensitive data aggregated or removed.

A copy of the Report is available on the Authority's [website](#).

1. The Market objectives are:

- to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West Interconnected System;
- to encourage competition among generators and retailers in the SWIS, including by facilitating efficient entry of new competitors;
- to avoid discrimination in that Market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions;
- to minimise the long-term cost of electricity supplied to customers from the SWIS; and
- to encourage the taking of measures to manage the amount of electricity used and when it is used.

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