



Knowledge Influence Support

CHAMBER OF COMMERCE AND INDUSTRY
WESTERN AUSTRALIA

Inquiry into the Efficiency of Synergy's Costs and Electricity Tariffs
Economic Regulation Authority
PO Box 8469
Perth Business Centre
PERTH WA 6849

13 September 2011

To Whom It May Concern

RE: Inquiry into the efficiency of Synergy's costs and electricity tariffs

CCI thanks the Economic Regulation Authority (ERA) for the opportunity to comment on the Issues Paper and Terms of Reference for the inquiry into Synergy's costs and electricity tariffs.

CCI is the leading business association in Western Australia and the second largest organisation of its kind in Australia. CCI has a membership of more than 6,500 organisations in all sectors of the economy. About 80 per cent of members are small businesses, and members are located in all geographical regions of WA.

Energy is a vital enabler of economic growth and activity, and developing a long term energy plan for the state is a priority for WA businesses. CCI looks to the State Government's Strategic Energy Initiative (SEI) to outline a clear plan of reform and action on energy policy in Western Australia with a central goal of developing more competitive energy markets in the state. This inquiry must align with the directions set out for the SEI.

The Issues Paper highlights a number of important issues and CCI is broadly supportive of the Terms of Reference. CCI has long advocated for the development of a competitive market for electricity in WA with a transition through fully cost reflective retail tariffs and full retail contestability towards deregulation of our electricity market. The outcomes of this inquiry provide an opportunity to further embed competition in the retail electricity market in advance of more widespread changes that are needed as part of the SEI.

In particular, CCI strongly supports the phase out of uniform tariffs for large contestable business customers as an immediate step towards a more competitive retail electricity market. This will help facilitate further competition and new entrants into the market and provide an important step towards the broader adoption of fully cost reflective tariffs and ultimately deregulation of the retail electricity market.

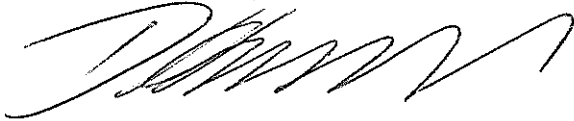
We also welcome a number of other issues highlighted in the Issues Paper. Understanding and accurately reflecting the costs associated with the various State and National renewable energy schemes and the proposed carbon tax will be particularly important to underpin a move towards fully cost-reflective tariffs. As competition becomes more embedded the uniform tariff structure and all participants in the market, including Synergy, will need to fully reflect these costs.

CCI also welcomes the ERA's intention to investigate whether the income received from bilateral retail contracts with large commercial customers (i.e. those outside the uniform retail tariff structure) is fully cost-reflective. These and other efforts will be important to better understand true costs and improve transparency.

Throughout this enquiry the ERA should take care to ensure that its conclusions do not inhibit the further development of a competitive retail electricity market. For example the development of any new service standards should reflect those that might help customers make accurate comparisons amongst electricity retailers in a contestable environment.

We are willing to discuss our views in more detail if required. For more information or assistance, please contact Drew Pearman (CCI Senior Policy Adviser, Resources and Energy) on 9365 7720.

Yours Sincerely



David Harrison
General Manager, Advocacy