



# PUBLICATION

## Prohibition and restriction on Synergy and Verve Energy under the *Electricity Corporations Act 2005*

### FINAL REPORT

On 1 December 2010, the Western Australian Minister for Energy (**Minister**) requested that the Economic Regulation Authority (**Authority**) provide its views to the Minister on the effect that the operation of sections 38(1) and 47(1) of the *Electricity Corporations Act 2005* (**Act**) have had, and are likely to have, on the encouragement of competition in the generation, retail and wholesale electricity markets. Section 38(1) of the Act restricts the Electricity Generation Corporation (Verve Energy) from the direct sale of electricity to consumers for a designated period<sup>1</sup> and section 47(1) prohibits the Electricity Retail Corporation (Synergy) from generating electricity for a designated period.<sup>2</sup>

Sections 39(1) and 48(1) of the Act require the Minister to review the operation of sections 38(1) and 47(1) before the expiry of five years from the commencement of these sections. Sections 39(3) and 48(3) of the Act require that the Minister obtain, and take into account, the views of the Authority before carrying out the review on sections 38(1) and 47(1) of the Act.

On 20 April 2011, the Authority delivered a report to the Minister that contains its findings and views regarding the effect that the operation of sections 38(1) and 47(1) of the Act have had, and are likely to have, on the encouragement of competition in the generation, retail and wholesale electricity markets. In assessing the legislation, the Authority has considered whether sections 38(1) and 47(1) of the Act should lapse in 2013 or be extended to 2016. In preparing this report, and in forming the views set out in it, the Authority has considered the comments raised in the submissions provided to the Authority in response to the Authority's Issues Paper published on 25 January 2011. These submissions are available on the Authority's [website](#).

The Authority's report to the Minister on the Prohibition and Restriction on Synergy and Verve Energy under the *Electricity Corporations Act 2005* is now available on the Authority's [website](#).

The Authority notes that the Minister decided, on 25 March 2013, to extend the designated period for sections 38 and 47 of the Act to 10 years after the commencement of sections 40 and 49 of the Act (i.e. until 1 April 2016). The Minister's decision has been gazetted on 28 March 2013.

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<sup>1</sup> Section 38(2) of the Act states that, for the purposes of section 38(1), the designated period is a period of seven years (i.e. until 1 April 2013); or if an order is made under section 40 of the Act, the period of 10 years (i.e. until 1 April 2016), after the commencement of this section of the Act (which commenced on 1 April 2006).

<sup>2</sup> Section 47(2) of the Act states that, for the purposes of section 47(1), the designated period is a period of seven years (i.e. until 1 April 2013); or if an order is made under section 49 of the Act, the period of 10 years (i.e. until 1 April 2016), after the commencement of this section of the Act (which commenced on 1 April 2006).

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