

Decision on:

1. Western Power Corporation Standard Form Contract
2. Synergy Standard Form Contract
3. Horizon Power Standard Form Contract

30 March 2006

Economic Regulation Authority



WESTERN AUSTRALIA

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Economic Regulation Authority website at www.era.wa.gov.au.**

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DECISION

1. On 20 December 2005, Western Power Corporation submitted an application to the Economic Regulation Authority (**Authority**) for the approval of draft standard form contracts (**Application**). The draft standard form contracts were submitted as part of Western Power Corporation's application for a Retail Licence and Integrated Regional Licence.
2. Disaggregation of Western Power Corporation is expected to take place on 1 April 2006. At this time, a statutory Transfer Order made in accordance with section 147 of the *Electricity Corporations Act 2005* will reform Western Power Corporation into four separate business units being:
 - Generation: Electricity Generation Corporation (Verve Energy),
 - Networks: Electricity Networks Corporation (Western Power);
 - Retail: Electricity Retail Corporation (Synergy); and
 - Regional: Regional Power Corporation (Horizon Power) (together the **Applicant**).
3. The Application was made pursuant to section 49 of the *Electricity Industry Act 2004* (**Act**).
4. Pursuant to section 51 of the Act, the Authority approves the following standard form contracts:
 - Retail (pre-disaggregation): Western Power Corporation – Standard Form Contract;
 - Retail (post-disaggregation): Electricity Retail Corporation (Synergy) – Standard Form Contract; and
 - Regional (post-disaggregation): Regional Power Corporation (Horizon Power) – Standard Form Contract.

REASONS

1. On 24 January 2006, the Authority invited interested parties to provide submissions on the proposed retail and integrated regional standard form contracts. The Authority received two submissions on the proposed retail and integrated regional standard form contracts.
2. Following these public submissions, the Applicant resubmitted to the Authority revised versions of the proposed retail and integrated regional standard form contracts. The revised versions incorporated some of the comments made in the public submissions.
3. The Authority then engaged Phillips Fox Barristers and Solicitors (Phillips Fox) to examine whether the standard form contracts submitted by Western Power Corporation met the requirements of the regulations in respect of such contracts and were not inconsistent with the Act or any other written law or any term, condition or provision of the Retail Licence and/or the Integrated Regional Licence. Following the assessment, Phillips Fox concluded the standard form contracts submitted by the Applicant met the requirements of the regulations in respect of such contracts and were not inconsistent with the Act or any other written law or

any term, condition or provision of the Retail Licence or Integrated Regional Licence.

4. The Authority has considered the standard form contracts, public submissions and the review undertaken by Phillips Fox and is satisfied that the Applicant meets the requirements of section 51 of the Act.
5. The Authority has therefore decided to approve the standard form contracts proposed by the Applicant. The Authority notes that the disaggregation of the Applicant into four separate business units will transfer small use customers of the Applicant from the Western Power Standard Form Contract to either the Electricity Retail Corporation (Synergy) Standard Form Contract or Regional Power Corporation (Horizon Power) Standard Form Contract.
6. As required by section 23(1) of the Act, the Authority will publish notice of its approval of the Application in the *Government Gazette* as soon as is practicable.