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Elizabeth Walters
Assistant Director Electricity
Economic Regulation Authority
Level 4, Albert Facey House
469 Wellington Street
PERTH WA 6000

Dear Ms Walters

ERA proposed guidelines for multi-function assets and demand management innovation allowance

Synergy welcomes the consultation opportunity in relation to the Economic Regulation Authority's (ERA):

1. Demand management innovation allowance guideline.
2. Multi-function asset guideline.

Synergy is Western Australia's largest network user paying approximately \$1.3B annually in network charges. Synergy is also the State's largest electricity retailer with more than 1 million customers.

In 2020, the Electricity Networks Access Code 2004 (**ENAC**) was amended to support the State Government's delivery of its Energy Transformation Strategy (**Strategy**). Synergy actively participates in and supports the Strategy implementation.

The ENAC changes, amongst other matters, included two new mechanisms to:

- Utilise regulated assets to earn un-regulated revenue (**multi-functions assets**) consistent with the multi-function principles specified in ENAC clause 6.86.
- Provide service providers with funding for research and development in demand management projects that have the potential to reduce long term network costs via a demand management investment allowance (**DMIA**).

To support the new mechanisms, the ENAC requires the ERA to publish guidelines on:

- Setting out the approach to apply the multi-function asset principles in the ENAC.
- The DMIA mechanism including the criteria for projects that will be eligible for the allowance including investment substantiation requirements.

Synergy acknowledges the quality of reports and consultation the ERA has provided to date in relation to the AA5 framework and approach, the DMIA and multi-function asset guidelines.



Synergy supports the ERA's approach for developing the guidelines for multi-function assets and DMIA mechanism and the associated guideline content.

Synergy looks forward to the publication of the final guidelines. Should you have any questions in respect to this submission please contact me on (08) 6282 7622.

Yours sincerely

SIMON THACKRAY
MANAGER, REGULATION AND COMPLIANCE