



Notice

15 September 2025

Review of the effectiveness of the Synergy regulatory scheme – 2025

Discussion paper

The ERA has published a discussion paper to seek feedback to inform its seventh review of the effectiveness of the [Electricity Generation and Retail Corporation \(EGRC\) regulatory scheme](#).

The EGRC scheme commenced in 2014 with the merger of the State Government-owned retailer (Synergy) with generator (Verve Energy). It aims to curtail Synergy's potential exercise of market power in the Wholesale Electricity Market (WEM), to promote a level playing field for wholesale suppliers of electricity, for the ultimate benefit of consumers.

The main element of the EGRC scheme is to require Synergy to advertise standardised wholesale electricity contracts – called standard products – for sale and purchase. The regulated maximum difference, or buy-sell spread, between Synergy's buy and sell prices for standard products places pricing discipline on Synergy taking advantage of its dominant position in the short-term to medium-term contract market.

In this 2025 review, we have evaluated the effectiveness of the pricing of standard products, including the method to set the buy-sell spread, as well as the suitability of the terms and specifications of the standard products contracts. This review also considered the prevailing circumstances of the WEM, which included the introduction of a new market design in October 2023, the State Government's pathway for decarbonisation, and Synergy's changing generation asset mix.

In our discussion paper, we set out our preliminary findings, including:

- Synergy sets its standard product prices based on its forecast of the forward energy market prices, which is increasingly difficult as the WEM has recently seen higher and more volatile prices. Significant forecast errors can result in market participants entering into contracts that may be inefficient.
- This price volatility further reinforces the need for risk mitigation options for market participants, as some rely on access to contracts to hedge their risk and remain viable. Synergy also remains the largest wholesale generator and retailer, and the WEM remains highly concentrated.
- The buy-sell spread may be a deterrent to Synergy when it is a net seller of energy. Monitoring and mitigating the potential exercise of market power by net energy suppliers often focuses on generation capacity, market share, and pricing influence. However, using the same approach to assess an entity that could become a net buyer may not accurately evaluate its current market behaviour, particularly in the context of market power.

- The specifications of the standard products are generally aligned with the most sought after and enquired about customised products. The standard products offered by Synergy appear to appropriately reflect the requirements of counterparties to Synergy.
- There are several administrative amendments that can improve the clarity and interpretation of the EGRC scheme.

The ERA is interested to hear feedback from stakeholders on these findings and others as set out in our discussion paper.

Invitation for submissions

The ERA is seeking submissions on its review of the EGRC scheme outlined in its discussion paper, available on the [ERA's website](#).

Submissions close 4:00pm (WST) Monday, 13 October 2025.

Submissions can be lodged online using the form on our [Current Consultation webpage](#).

Further information

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