

ECONOMIC REGULATION AUTHORITY — SYNERGY RECOMMENDATIONS

**250. Ms J.J. SHAW to the Minister for Energy:**

I refer to the recommendation by the Economic Regulation Authority that the Electricity Review Board investigate the operations of Synergy. Can the minister update the house on the circumstances of this issue and concerns raised by the member for Bateman regarding Synergy's market power?

**Mr W.J. JOHNSTON replied:**

Thank you very much for the question. This is a very asinine issue that the ERA has raised with the ERB. I was very interested in the conversation on radio yesterday from the member for Bateman. I will quote part of the transcript. Oliver Peterson asked the member —

So you'll be pursuing this in the Parliament?

The member replied —

Sorry?

Mr Peterson replied —

You'll be pursuing this in the Parliament?

There was a long pause —

Yes we will be pursuing it.

Unfortunately, of course, the member for Bateman has not pursued it in Parliament, but it is something that I am very interested to talk about. This recommendation of the ERA is not something that I am happy with. My view is that it reflects very badly on the ERA and it follows other bad decisions of the ERA in recent times that are holding back the industry. On Friday I was having breakfast with a number of industry leaders and they were complaining about the operations of the regulator. I will give members some examples. The Australian Energy Market Operator's market-development functions are being stopped. The planning and reform process has been stopped because of the actions of the ERA. Western Power's AA4 decision by the ERA when two final decisions were given, which is extraordinary, allowed the institution of advanced metering infrastructure but not the communications to make them effective. The ERA has also transferred \$250 million of costs from business to the mums and dads in this state. The ERA is asking mums and dads to subsidise business by \$250 million.

**Mr D.C. Nalder** interjected.

**The SPEAKER:** Member for Bateman!

**Mr W.J. JOHNSTON:** They are all decisions that reflect badly on the ERA and I am very unhappy with all of them. This recommendation regarding Synergy relates to the period from March 2016 to July 2017. Let us understand why it was required. It was required because Verve Energy and Synergy were amalgamating. The unloved and unwarranted amalgamation of Verve Energy and Synergy led to this decision. I point out to members that the last time these issues were raised by the ERA with the ERB, the penalty was \$1. The ERA has a bad reputation here. It has made a series of bad decisions that are costing consumers in this state and holding back the development of the system.

I was very amused by the shadow Minister for Energy's commentary on radio. He said —

... what this report reinforces, Ollie, is that a lack of competition is showing a flow-on effect of higher prices into the marketplace.

He went on to say —

Well we believe it needs to be opened up to competitors ...

He went on further to say that he was —

... concerned about someone that has such an influence in the marketplace, ...

The problem is that this is the system created by the member for Riverton. Why is the member for Bateman attacking the member for Riverton so strongly? The member for Riverton amalgamated Verve and Synergy. The member for Riverton stopped competition and he was in charge of the electricity system during the overwhelming majority of the circumstances being investigated by the Economic Regulation Authority. It was a 15-month investigation for the 12 months that the member for Riverton was the Minister for Energy. Perhaps I have an answer for members in the chamber and the member for Swan Hills; it is just another example of the member for Bateman undermining a Liberal Party leader. He has done it once before and now he is doing it again. Perhaps he

needs to go and see his friend Greg Poland, who helped to fund his attack on Colin Barnett. Maybe the member for Bateman's friend Mr Poland wants to help him pay for an attack on the member for Riverton.