



Hon Ben Wyatt MLA
Treasurer; Minister for Finance; Energy; Aboriginal Affairs

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Your Ref: A689936 / A689590 / A689497 / A689487 / A689934 / A689514 /
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Hon Alanna Clohesy MLC
Chair
Standing Committee on Estimates and Financial Operations
Legislative Council Committee Office
18-32 Parliament Place
WEST PERTH WA 6005

Dear Ms Clohesy

2018-19 BUDGET ESTIMATES – QUESTIONS PRIOR TO HEARINGS

Thank you for your letters of 21 May 2018 regarding the 2018-19 Budget Estimates.

Please find enclosed responses to the questions prior to hearings asked of the following:

- Department of Treasury
- Western Australian Treasury Corporation
- Economic Regulation Authority
- Department of Finance
- Insurance Commission of Western Australia
- Western Power
- Synergy
- Horizon Power
- Office of the Auditor General

If there are any queries, please do not hesitate to contact my office on 6552 5900.

I trust this information is of assistance.

Yours sincerely

Ben Wyatt MLA
**TREASURER; MINISTER FOR FINANCE;
ENERGY; ABORIGINAL AFFAIRS**

5 JUN 2018

Public / Internet

13/06/18

**Legislative Council Standing Committee On Estimates And Financial Operations
2018-19 Budget Estimates hearings – Questions prior to hearings**

Electricity Generation and Retail Corporation (Synergy)

Hon Peter Collier MLC asked:

- 1) How many Aboriginal people were employed by the agency/department on July 1st 2017 and April 30th 2018?

Answer:

During Synergy's recruitment process it is optional for people to identify themselves as Aboriginal.

Financial year 2016-17 statistics show that just under 1 per cent of Synergy's workforce identify as Aboriginal however this may not be accurate as some Aboriginal people may not fill out the form to say they are in fact Aboriginal.

Synergy's Aboriginal trainee program was launched in financial year 2017-18 and there are currently two Aboriginal trainees employed in the Generation Business Unit at Muja Power Station.

- 2) How many Aboriginal people employed by the agency/department were Level 8 and above (including Senior Executive Service positions) on July 1st 2017 and April 30th 2018?

Answer:

During Synergy's recruitment process it is optional for people to identify themselves as Aboriginal.

Financial year 2016-17 statistics show that just under 1 per cent of Synergy's workforce identify as Aboriginal however this may not be accurate as some Aboriginal people may not fill out the form to say they are in fact Aboriginal.

On July 1st 2017 and 30 April 2018 none of Synergy's Senior Leadership Team identified themselves as being Aboriginal.



Legislative Council Standing Committee On Estimates And Financial Operations
2018-19 Budget Estimates hearings – Questions prior to hearings

Electricity Generation and Retail Corporation (Synergy)

Hon Tim Clifford MLC asked:

1) With reference to Synergy's Asset Investment Program outlined in Budget Paper 2, Volume 2, page 653 and the \$162.7 million that Synergy will spend on asset investment over 2018-19 and the forward estimates:

a) How much, in dollars, will be spent in the four-year period by Synergy on renewable energy assets?

Answer:
\$2.0 million.

b) In relation to a), if nothing, why not?

Answer:
Not applicable.

c) In relation to a), if any will be spent, will the Minister list, for each renewable energy asset:

i) The amount in dollars allocated to each asset; and

Answer:
\$2.0 million will be spent at the Denham Wind Farm in 2018-19.

ii) What works each allocation will pay for?

Answer:
\$2.0 million will be spent to replace a switchboard at the Denham Wind Farm in 2018-19.

2) With reference to the comment on page 653 that "Synergy's generation portfolio is comprised of coal, gas, liquid fuel and renewable energy assets" and the table on page 654, of Budget Paper 2, Volume 2, listing 'Works in Progress', will the Minister please list –

a) Synergy's current power generation capacity in Megawatts;

Answer:
Synergy's nameplate capacity in the South West Interconnected System (SWIS) is 2,462.5 megawatts as at June 2018.

b) Synergy's current power generation capacity, broken down by fuel type, in Megawatts, including:

i) Coal;

Answer:

1,194 megawatts in the SWIS as at June 2018.

ii) Gas;

Answer:

1,158.5 megawatts in the SWIS as at June 2018 (units with primary fuel source being gas, noting that some gas-fired generation capacity is able to also run on liquid fuel).

iii) Liquid fuel; and

Answer:

62.4 megawatts in the SWIS as at June 2018 (liquid fuel only).

iv) Renewable energy?

Answer:

47.6 megawatts in the SWIS as at June 2018.

Synergy also generates 8.07 megawatts outside of the SWIS, and sold to third parties through power purchase agreements.

c) Synergy's projected total power generation capacity in Megawatts by the year 2020-21;

Answer:

Synergy's projected nameplate capacity in the SWIS by the year 2020-21 is 2,476.2 megawatts.

d) Synergy's projected power generation capacity broken down by fuel type, by the year 2020-21 including:

i) Coal;

Answer:

1,194 megawatts in the SWIS.

ii) Gas;

Answer:

1,024.6 megawatts in the SWIS.

iii) Liquid fuel;

Answer:

0 megawatts in the SWIS

- iv) Renewable energy;

Answer:

257.6 megawatts in the SWIS.

8.07 megawatts outside of the SWIS, sold to third parties through power purchase agreements.

- v) Any other fuel types (please name).

Answer:

Not applicable.

- 3) In relation to 1), will the Minister please also provide:

- a) Synergy's total energy consumption in Megawatt hours in 2017-18;

Answer:

7,432,200 megawatt hours in the SWIS.

This includes actuals from July 2017 to April 2018 and forecasts for May 2018 and June 2018.

- b) Synergy's energy consumption broken down by fuel type, in Megawatt hours, in 2017-18 including:

- i) Coal;

Answer:

5,859,200 megawatt hours in the SWIS.

- ii) Gas;

Answer:

1,451,350 megawatt hours in the SWIS.

- iii) Liquid fuel; and

Answer:

700 megawatt hours in the SWIS.

- iv) Renewable energy?

Answer:

121,000 megawatt hours in the SWIS and a small amount of energy sent out by Synergy's generation assets located outside of the SWIS.

- c) Synergy's total projected energy consumption in Megawatt hours in 2020-21;

Answer:

7,712,400 megawatt hours in the SWIS.

d) Synergy's projected energy consumption broken down by fuel type in 2020-21, in Megawatt hours, including:

i) Coal;

Answer:

5,082,300 megawatt hours in the SWIS.

ii) Gas;

Answer:

1,641,100 megawatt hours in the SWIS.

iii) Liquid fuel;

Answer:

0 megawatt hours in the SWIS.

iv) Renewable energy; and

Answer:

989,000 megawatt hours in the SWIS and a small amount of energy sent out by Synergy's generation assets located outside of the SWIS.

v) Any other fuel types (please name).

Answer:

Not applicable.

4) With reference to the comment on page 653 that "Synergy's generation portfolio is comprised of coal, gas, liquid fuel and renewable energy assets", will the Minister please list Synergy's renewable energy generation assets?

Answer:

- Albany Grasmere Wind Farm (due to be divested to Bright Energy Investments, of which Synergy owns 19.9 per cent)
- Greenough River Solar Farm stage 1 (due to be divested to Bright Energy Investments, of which Synergy owns 19.9 per cent)
- Greenough River Solar Farm stage 2 (future plant to be divested to Bright Energy Investments, of which Synergy owns 19.9 per cent)
- Warradarge Wind Farm (future plant to be divested to Bright Energy Investments, of which Synergy owns 19.9 per cent)
- Kalbarri Wind Farm
- Bremer Bay Wind Farm
- Esperance Wind Farms (outside of the SWIS)
- Coral Bay Wind Farm (outside of the SWIS)
- Denham Wind Farm (outside of the SWIS)
- Hopetoun Wind Farm (outside of the SWIS)

- 5) For each answer given to 2) (b) (iv); 2) (d) (iv); 3) (b) (iv); and 3) (d) (iv), will the Minister state what types of renewable energy are being referred to?

Answer:

Wind and Solar.

- 6) With reference to the table on page 654, and the 'Works in Progress', which are shown as being fully paid for by 'Internal Funds and Balances', can the Minister confirm that none of the Works in Progress listed will receive taxpayer revenue?

Answer:

Synergy will not receive taxpayer revenue to fund its capital program.

- 7) If no to 6), why not? If yes to 6), will the Minister state which Works will receive taxpayer funding, and how much in dollars, and in which Budget years?

Answer:

Under the Electricity Corporations Act 2005, Synergy is to act commercially, while generating and selling electricity and gas. For this reason, Synergy operates as a corporation and funds its capital works using its own cash balances and/or borrowings.

At certain instances, Synergy may receive funds to be made financially whole from carrying out works mandated by the state government.

- 8) With reference to the table on page 654, what is the reason that Total Funding for Works in Progress will decrease from \$53,945,000 in 2018-19 to \$40,115,000 in 2021-22, even though given WA's population and number of Synergy customers may increase in the same period?

Answer:

Due to the ongoing pressure on government finances, Synergy has not requested any additional capital funding as part of the 2018-19 budget process, but instead has reprioritised its capital program to deliver some of its emerging high priority capital requirements.

Most of the reprioritised funds have been moved from 2017-18 to 2018-19, hence the higher expenditure in 2018-19.

This decision is aligned with the Expenditure Review Committee's suite of new financial targets as part of the 2018-19 budget.

