



**Hon Mike Nahan MLA  
Treasurer; Minister for Energy;  
Citizenship and Multicultural Interests**

---

Our Ref: 48-18993

Hon Simon O'Brien MLC  
Chairman  
Standing Committee on Environment and Public Affairs  
Parliament House  
PERTH WA 6000

Dear Mr O'Brien

**PETITION 126 – SYNERGY COMPETING WITH PRIVATE ENTERPRISE**

Thank you for your letter dated 15 September 2016, on behalf of the Standing Committee on Environment and Public Affairs, inviting my comments on the terms of Petition 126 and the submission from the principal petitioner, Mr John Hall, about Synergy competing with private enterprise in the supply and installation of solar power systems.

The Government of Western Australia owns three statutory electricity corporations with active roles in the electricity supply chain: Western Power, Synergy and Horizon Power. The *Electricity Corporations Act 2005* requires that these State-owned businesses operate in a manner "consistent with prudent commercial principles".

Synergy's decision to offer a solar photovoltaic system product, *SolarReturn*, is a commercial decision for that business. This decision is consistent with the commercial behaviour and business strategies of other major electricity retailers across Australia, such as AGL and Origin Energy. It is anticipated these businesses will eventually enter and compete for smaller customers in the Western Australian market following the planned introduction of Full Retail Contestability.

Like other retailers of solar photovoltaic systems, Synergy is subject to both Commonwealth and Western Australian law with respect to its competitive practices and the protections afforded to consumers. Examples of matters addressed by Commonwealth and Western Australian consumer protection law include product disclosure, misleading advertising and product warranties.

Synergy has a role in approving the connection of solar photovoltaic systems and customer's access to the Renewable Energy Buyback Scheme. This is broadly consistent with the role of retailers in other jurisdictions where the agreement of a customer's retailer is required prior to solar photovoltaic system connection or the receipt of buyback payments.

In his submission accompanying Petition 126, Mr Hall queries the State Government's role in promoting consumer protection and competition in the solar photovoltaic industry. In regard to consumer protection, Western Power requires that all solar photovoltaic systems connecting to its network are accredited by the Clean Energy Council and meet relevant Australian Standards. An independent Western Australian regulator, EnergySafety (a division in the Department of Commerce) is responsible for overseeing the safety of all electrical work undertaken in Western Australia, including the installation of solar photovoltaic systems.

The recent introduction of retail licence exemptions for solar power companies, mentioned by Mr Hall in his submission, is a good example of the Government's role in promoting competition in the industry. The availability of licence exemptions will result in companies no longer requiring a costly licence to sell electricity supplies to customers using roof-top solar systems.

Previously, the cost of obtaining a licence from the Economic Regulation Authority and complying with its requirements has acted as a barrier to entry into this emerging market. The licence exemptions will empower the solar power industry in its next phase of development and will increase the choice of products available to customers, enabling them to access renewable sources of electricity at an affordable price.

The Government remains a strong supporter of renewable energy and is progressing reforms to allow for greater retail competition for residential and small business electricity customers. I welcome the potential for increased competition in the sector to deliver innovative products and services to Western Australia's electricity consumers.

Yours sincerely



**DR MIKE NAHAN MLA  
TREASURER; MINISTER FOR ENERGY;  
CITIZENSHIP AND MULTICULTURAL INTERESTS**

24 OCT 2016