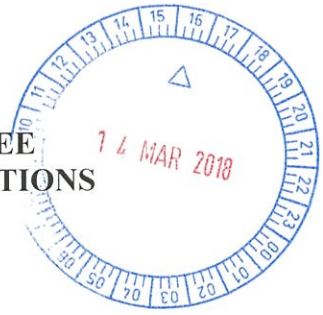

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE
2016-17 ANNUAL REPORT HEARINGS – ADDITIONAL QUESTIONS

Electricity Generation and Retail Corporation (Synergy)

Hon Tjorn Sibma MLC asked:

1. On page 3 of the annual report, the Chairman refers to further reform being required for an efficient and fair energy market. What are these further reforms and are they part of policies now being developed?

   Answer:
   Questions regarding electricity market reforms and policies should be referred to the Public Utilities Office.

2. On page 4 of the Annual Report, the CEO refers to the $47.4 million profit from the sale of the Mumbida wind farm. Who was the wind farm sold to, is there a foreign interest, and does this sale of a Government asset mean that part of the electricity grid has been privatised?

   Answer:
   Sale of Synergy's 50 per cent interest in Mumbida Wind Farm (MWF) to Australian based infrastructure investment manager Infrastructure Capital Group was approved by the former Minister for Energy, Dr Mike Nahan MLA, in December 2016.

   Sale of MWF to a private entity does not impact generation or the structure of the electricity grid.

3. Page 8 refers to growing the electric vehicle charging network across Perth. How many charging stations are currently in place, how many are planned for the next 12, 24 and 36 months, who is supplying the technology for these charging stations and is there a foreign interest?

   Answer:
   Synergy is unable to comment on Perth's entire EV charging station network and the suppliers of the infrastructure.

   Synergy has an interest in 14 charging stations throughout the Perth metropolitan area and 50 three phase charging sockets currently being installed in regional Western Australia.

4. Page 10 refers to Synergy's leadership in developing renewable energy projects throughout WA. Given this leadership role, on what basis was the decision to sell the Mumbida wind farm made, and are there plans for private interests to partly or wholly own other renewable energy assets?

Answer:
Synergy considered MWF a non-core asset and a key target for divestment as it

- *did not contribute to Synergy's large-scale, renewable generation certificate requirements and did not provide renewable electricity for general consumption in the South West Interconnected System due to all generated electricity being purchased by a third party offtaker;*
- *it does not feature in Synergy's future centralised renewables strategy due to the offtake commitments mentioned previously; and*
- *sale proceeds could be better utilised in the immediate term, bringing forward future cash flows by taking advantage of investment market appetite for low risk infrastructure assets.*

Any future plans and negotiations for private interests to partly or wholly own other renewable energy assets are considered commercial-in-confidence.

5. Page 13 refers to Synergy's involvement in a significant decontamination and remediation program of a site on which there was the release of diesel in 2012. Where is this site, why is remediation work still occurring at least five years after the original contamination, and what other contaminated sites does Synergy have?

Answer:
Remediation of the Kwinana Power Station fuel oil infrastructure is ongoing.

Remediation began in 2015 after the Public Utilities Office identified that the infrastructure was no longer a strategic requirement for the State and no longer required to be retained.

As is the nature of contaminated sites, remediation and monitoring is ongoing to ensure the process meets Synergy's requirements under the Contaminate Sites Act 2003.

All existing power stations, decommissioned power stations, and associated infrastructure are included as suspected or known contaminated sites that have been reported to the regulator.

13/03/18

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE
2016-17 ANNUAL REPORT HEARINGS – ADDITIONAL QUESTIONS

Electricity Generation and Retail Corporation (Synergy)

Hon Diane Evers MLC asked:

1. I refer to the agency's response on electric vehicles (EV) during the Annual report hearings:

   Given that WA imports significant transport fuels, and synergy is losing market share to privately owned renewable resources, what is the government doing to expand the EV charging station network in order to increase the market for electrical energy and thus address the current decreasing demand?

   Answer:
   Synergy is unable to comment on whole of government initiatives to expand the EV charging station network.

   Synergy has partnered with the Western Australian branch of the Australian Electric Vehicle Association (AEVA) to understand AEVA's concerns regarding EVs in Western Australia, in particular those regarding EV infrastructure (charging points) in country Western Australia.

   The partnership has resulted in the purchase of 70 three phase socket chargers currently being installed in regional areas. Rollout of the charging sockets is continuing and devices are being sent to caravan parks, shops, service stations and other establishments across regional Western Australia.

   Synergy has partnered with the University of Western Australia charging network trial (REV project) to provide upgrades to eight existing chargers and access data from all the chargers to better understand EV driver behaviour and movements patterns

   In addition, sponsorship of Synergy branded chargers at Synergy's office in the Forrest Centre (two), Homebase Subiaco (one), Joondalup Shopping Centre (two) and White Gum Valley (one) are Synergy initiatives to expand the EV charging station network.

   Synergy has developed a comprehensive EV strategy for the future and is working with a number of public and private sector stakeholders to develop future opportunities.

2. With regard to the questions answered in the Annual Report Hearings regarding capacity credits:

(a) if a project consisted of a combination of wind, solar and biogas, and had good likelihood of providing energy at peak demand, theoretically would this increase the allocated capacity credits compared to three stand alone systems;

Answer:
No. Capacity credits are awarded based on the expected performance of the total facility during periods of peak demand.

(b) is the capacity credits system developed to manage and influence the renewable energy generation proposals to ensure that there is diversity of technologies, locations, and sizes to address all expected scenarios; and

Answer:
No. While the market operator will set a minimum requirement for capacity that is available to be dispatched at all times (other than when an outage applies); capacity credits are awarded based on the expected performance of the facility during periods of peak demand and regardless of where the facility is located, what technology it uses and what size it is.

(c) would the capacity credits system take into account the timeliness of energy generation so that batteries or pumped hydro had an advantage over coal or gas which take more time to get started?

Answer:
No. Capacity credits are awarded based on the expected performance of the facility during periods of peak demand. Generators or demand side management providers do not receive more capacity credits if they can respond more quickly.

13/03/18