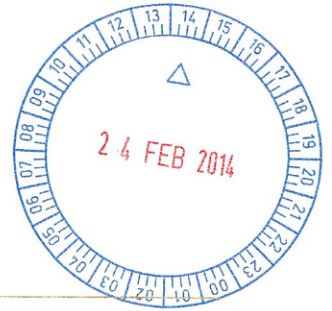




PUBLIC

24/02/14



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

Our Ref: 48-04388

Hon Ken Travers MLC
Chairman – Estimates and Financial Operations Committee
Committee Clerk
Legislative Council
Parliament House
PERTH WA 6000

Attn: Samantha Parsons

Dear Mr Travers

RESPONSES TO ADDITIONAL QUESTIONS — SYNERGY HEARING OF 28 JANUARY 2014

Please find attached answers to the Committee's additional questions from the hearing involving Synergy on 28 January 2014.

I apologise for the oversight in not addressing these questions as part of my correspondence of 14 February 2014 which provided the answers to the supplementary questions asked by the Committee.

Yours sincerely

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

24 FEB 2014

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

ADDITIONAL QUESTIONS

20 February 2014

SYNERGY

Hon Ken Travers asked 1): What impact in percentage terms is the expiry of the current gas contracts expected to have on the average cost of production of electricity in each year over the forward estimates?

Answer: Based on data and forecasts at this point in time, the percentage impact of the expiry of current gas contracts averages 0.67 per cent over the forward estimates, however since changes only become effective in the 2016-17 period, the entire percentage change will be experienced in that year, and total 2.5 per cent.

Hon Ken Travers asked 2): How much in percentage terms would tariffs need to increase to ensure that the difference between the current tariff and a cost reflective tariff does not increase?

Answer: To maintain the current difference between the actual and cost reflective A1 tariff, an increase of 3.4 per cent per annum would be required.

M Nabhan