



STATEMENT OF CORPORATE INTENT
2022-23

TABLE OF CONTENTS

| | | |
|-----|---|----|
| | PURPOSE OF THE STATEMENT OF CORPORATE INTENT | 3 |
| 1 | BUSINESS OVERVIEW | 4 |
| 1.1 | Overview | 4 |
| 1.2 | Synergy's Corporate Strategy..... | 4 |
| 1.3 | Operations | 6 |
| 1.4 | Workforce Transition..... | 6 |
| 2 | BUSINESS: EXTERNAL ENVIRONMENT AND INTERNAL CHALLENGES | 6 |
| 2.1 | Declining growth in customer demand..... | 7 |
| 2.2 | Increasingly competitive landscape | 7 |
| 2.3 | Regulatory and policy environment..... | 7 |
| 2.4 | COVID-19 response..... | 7 |
| 2.5 | COVID-19 Response | 8 |
| 3 | STRATEGIC OBJECTIVES | 8 |
| 3.1 | Synergy's strategic future | 9 |
| 3.2 | Distributed Energy Resources | 10 |
| 3.3 | Decarbonisation of the SWIS..... | 10 |
| 3.4 | Ongoing transition of the generation fleet..... | 10 |
| 4 | PERFORMANCE MEASURES AND OBLIGATIONS | 11 |
| 4.1 | Key performance indicators (KPI)..... | 11 |
| 4.2 | Dividend policy..... | 11 |
| 4.3 | Accounting policies and governance standards | 11 |
| 4.4 | Ministerial reporting | 12 |
| 4.5 | Matters agreed on between the Minister and board | 13 |
| 4.6 | Community service obligations | 13 |
| 4.7 | Borrowings | 15 |
| 4.8 | Pricing | 15 |
| | Appendix 1: Explanatory notes concerning KPIs..... | 16 |

PURPOSE OF THE STATEMENT OF CORPORATE INTENT

This Statement of Corporate Intent (**SCI**) is prepared in accordance with Part 5 of the *Electricity Corporations Act 2005 (the Act)*. It outlines the strategic direction of the Electricity Generation and Retail Corporation (trading as **Synergy**), over the 2022/23 financial year.

Synergy's shorter-term corporate intent and longer-term strategic direction are consistent with section 61(1) of the Act, which obligates Synergy to "act in accordance with prudent commercial principles; and endeavour to make a profit consistently with maximising its long-term value". Synergy's intended activities for the 2022/23 financial year, as outlined in this document, will help to address its current financial position and commercial sustainability, providing long term returns to the State Government and Western Australian taxpayers. This will largely be achieved by placing the customer at the core of all decisions and operations.

In accordance with section 99 of the Act, this SCI is also consistent with Synergy's Strategic Development Plan (**SDP**) 2022/27, which sets out Synergy's economic and financial objectives and operational targets over the medium term, as well as the commercial strategies and initiatives the business will pursue.

Pursuant to section 97 of the Act, this SCI is intended to apply for the corporation and any subsidiary and outlines the objectives; functions; performance targets; community service obligations; dividends and accounting policies for the financial year.

1 BUSINESS OVERVIEW

1.1 Overview

Synergy is established the Act and owned by the Government of Western Australia. Synergy reports to the Minister for Energy, the Honourable Bill Johnston MLA (**the Minister**).

Synergy owns and operates thermal power station and renewable energy generation facilities from Coral Bay in the north, to Kalgoorlie in the east and to Esperance in the south. The electricity system in which these assets operate is known as the South West Interconnected System (**SWIS**). Synergy is also the electricity retailer for more than one million residential, business and industry customers and has approximately 400 industrial and commercial gas customers within the SWIS.

Synergy is the largest integrated electricity generator and retailer operating in the SWIS. It can utilise its diverse energy generation portfolio to supply reliable and efficient energy to wholesale and retail customers.

1.2 Synergy's Corporate Strategy

Synergy's purpose, "leading Western Australians to their intelligent energy future", is based on the ongoing role it plays in Western Australia (**WA**) and what customers are demanding now and into the future. Synergy's purpose and its connection to customers underpins its decision-making processes, it is the central anchor that defines its role in the industry and the way it serves customers through improving existing and developing new energy solutions.

This SCI has been developed with the long-term objective of improving Synergy's current financial position by enhancing Synergy's commercial sustainability to pursue long-term returns to the State Government and the WA public. It has been developed consistent with section 61(1) of the Act to "act in accordance with prudent commercial principles; and endeavour to make a profit consistently with maximising its long-term value".

The 2022/23 year will be a critical period for the energy industry, with a growing number of challenges faced by the electricity sector, which will have an impact on Synergy. Collectively, Synergy and its stakeholder partners will work together to ensure the challenges are successfully overcome for the benefit of all consumers and the State.

Synergy will commit to progressing the following:

(a) Develop new products and services

- (i) Synergy focuses on working with customers to determine "bespoke" energy solutions based on their specific needs, whether they be as simple as delivery of low-cost and reliable energy, or to assist customers to become self-sufficient and monetise their excess supply, or reduce their carbon footprint; and
- (ii) Synergy will use data and energy technologies to innovate, more deeply understand its customers and anticipate their energy needs.

(b) Strengthen relationships

- (i) Synergy is a market leader - it partners with the State Government and other parties including the Australian Energy Market Operator (**AEMO**), Western Power (**WP**) and independent power producers and together

they provide a set of energy solutions in a cost-effective manner to maximise value to all Western Australians in the SWIS; and

- (ii) Synergy is a key partner to the State Government in successfully delivering the Distributed Energy Resources (**DER**) roadmap and is on the pathway to becoming a leader in DER aggregation and orchestration.
- (c) **Optimise its portfolio of assets**
- (i) Synergy is working towards aggregating and orchestrating DER in the SWIS and having a greater understanding of demand and supply;
 - (ii) Synergy is mitigating demand volatility by offering energy management solutions to the market; and
 - (iii) in addition to the proposed large-scale battery at Kwinana, Synergy will continue to further investigate storage systems as an option to support the acceleration of DER uptake, while still ensuring reliability and system security at the lowest cost.
- (d) **Invest**
- (i) Investment is focussed on tools and technologies that can manage DER uptake and provide a return on investment to Synergy;
 - (ii) Synergy has invested in technologies that improve probabilistic forecasting of supply, demand, price, and optimisation, to improve its accuracy and incorporate more uncertain resources and uncertainty in general;
 - (iii) Synergy expects to invest in renewable electricity generation and electricity storage to facilitate a shift toward a lower emissions electricity sector, in line with government decarbonisation commitments.
 - (iv) Significant investment will be required in systems, capability and energy storage assets (excluding the Kwinana large-scale batteries) over the next five years.

The pursuit of Synergy's strategic vision is underpinned by a set of values that are aimed at guiding the behaviour of all Synergy employees. The four core values are:

- (a) **Innovation** - this is driven by a belief that there are always better ways of doing things by embracing change and the opportunity of Synergy to shape its own future;
- (b) **Accountability** - for Synergy this means taking ownership and initiative to solve problems, demonstrating responsibility and taking ownership of decisions;
- (c) **Collaboration** - seeking and sharing both goals and the ideas that promote the best outcomes for the business, respect for team members and working cooperatively as one team; and
- (d) **Trust** - for Synergy this means acting with integrity and creating a work environment that sets others up for success, valuing peers, customers and the wider community in which Synergy operates.

Supporting Synergy's values are commitments to financial management, customer excellence and safety.

1.3 Operations

Synergy is the largest integrated electricity generator and energy retailer (**gentailer**) operating in the SWIS. Its objective is to utilise its diverse energy generation portfolio to supply reliable and efficient energy to wholesale and retail customers.

Synergy employs approximately 980 people servicing over one million electricity customer accounts and approximately 400 industrial and commercial gas customers.

Synergy owns WA's largest electricity generation portfolio with 2,235 megawatts (**MW**) of capacity. Synergy has 1,089 MW of generation capacity contracted under existing power purchase agreements with independent providers.

In line with the requirements of the Act and the *Electricity Corporations (Electricity Generation and Retail Corporation) Regulations 2013*, Synergy is functionally organised to deliver on its key purpose as follows:

- (a) **Generation:** responsible for the management of Synergy's generating assets, including the safe and reliable operations and maintenance of Synergy's power stations and associated infrastructure;
- (b) **Wholesale:** responsible for the wholesale trading of electricity and gas. The wholesale business unit (**WBU**) manages the dispatch of Synergy's generation fleet, independent power producer contracts and Synergy's fuel contracts. WBU buys electricity and related products and sells to retail and wholesale market participants under ring fenced arrangements; and
- (c) **Retail:** carries out the retail operations of Synergy, involving the pricing, sale and marketing of electricity and gas to customers. Retail is focused on customer experience and driving high levels of service and engagement.

1.4 Workforce Transition

Synergy is on track for the planned closure of Muja Stage C units 5 and 6 by October 2022 and October 2024, respectively. This action is a result of Synergy re-shaping its generation portfolio to match current and future electricity demand requirements more effectively.

Synergy's Workforce Transition program was developed in collaboration with its workforce, unions and the State Government to ensure a just transition for those directly impacted by the closure.

2 BUSINESS: EXTERNAL ENVIRONMENT AND INTERNAL CHALLENGES

The next five years will be one of the most critical and transformational periods for the energy sector not only in Western Australia but across Australia and the world. The race to decarbonise, new technology, market adjustment, old technology interface and growing competition in a new-look market are still evolving. The energy market is rapidly changing with decreasing system revenue, pressure on scheduled generation, increasing customer inequity and, for Synergy directly, the requirement to purchase more energy at high prices and sell energy at low or negative prices.

Like many electricity utilities around the world, Synergy is facing significant disruption. Upstream generation activities and traditional business models are being challenged by the increased penetration of large and small-scale renewable generation and energy storage.

As a Government Trading Enterprise (**GTE**) Synergy recognises it has a role to play in

helping to transition to the new energy future. Synergy's assets are needed to keep the lights on, particularly during the transition.

Advances in downstream technology (such as battery storage, smart meters and blockchain) and the emergence of different business models enabled by distributed generation, such as, virtual power plants and peer-to-peer trading are changing the way electricity is traded, sold and consumed by customers. These technologies offer customers greater awareness, choice and more control over their electricity usage.

Increased solar generation during the day has the effect of requiring Synergy's scheduled coal and gas generation to ramp-up at a steeper rate to meet evening demand. The marked change to the electricity demand profile requires greater flexibility of supply, characterised by increased use of higher cost, flexible gas-fired peaking and mid-merit generators, until energy storage can be installed at scale, as well as more frequent plant shutdown and start-up cycles for base load coal generation.

2.1 Declining growth in customer demand

Customers now have greater autonomy and more choice in the way they source, use, store and pay for electricity. In the short term, Synergy's energy demand from non-contestable customers is forecast to decline by 611GWh over the next five years.

2.2 Increasingly competitive landscape

Changes in customer expectations (particularly low or zero carbon emissions energy), competition from other retailers and technological disruptions are direct challenges to Synergy's future sustainability and economic performance.

2.3 Regulatory and policy environment

Synergy is supporting the State Government's GTE reform program and its proposed principles, which aims to streamline the operations of GTEs, standardise governance and accountability and strengthen oversight.

Synergy is supporting the State Government's energy reform program by proactively working with Energy Policy WA (**EPWA**) and the Department of Treasury (**DoT**) to progress and implement various market reforms. Synergy's commitment to supporting the State Government in this space extends to providing funding and other resources.

Synergy will ensure internal business strategies and any new business models, products and services align with the State Government's energy reform and decarbonisation agenda. Where such activities create financial and reputational risk exposures for WA, the State Government's explicit approval will be sought beforehand.

2.4 COVID-19 response

In response to the COVID-19 pandemic, Synergy successfully enacted a business continuity plan which aligns with the COVID-19 recommendations provided by the State and Federal Government. Actions are regularly amended to reflect changes in advice and current situation.

Synergy has contingency plans in place to safeguard the delivery of critical services for customers in the event staffing levels are affected. Synergy will continue to support every customer and their individual circumstances as WA continues to respond to COVID-19.

Synergy has an ongoing commitment to support customers in hardship caused by COVID-19 through programs such as case management which provides one-on-one

customer support, education for customers on how to reduce energy usage, and offering customers payment arrangements which vary bill payment frequency and amounts.

2.5 COVID-19 Response

Synergy is delivering two initiatives as part of the WA COVID-19 recovery plan - the schools virtual power plant pilot (**Schools VPP**) and the smart energy on social housing (**SESH**) pilot.

The Schools VPP pilot will transform up to ten schools into smart, green virtual power plants (**VPP**). The pilot will oversee the installation of Synergy owned batteries at the schools and turn any existing solar installs into “smart solar.” The Schools VPP will be aggregated, centrally controlled, and orchestrated by Synergy for the benefit of the school and local community.

SESH will install solar panels and other DER on social housing to provide those who would otherwise not easily access renewable technology, the opportunity to unlock solar benefits. The project aims to develop and deliver a scalable delivery model for DER on social housing that provides value to Synergy and tenants.

The pilot is expected to benefit around 500 properties, with program participants to save each year on their electricity bills.

3 STRATEGIC OBJECTIVES

Synergy’s SCI for 2022/23 has been developed with the objective of improving Synergy’s commercial sustainability to pursue long-term returns to the State Government and Western Australian taxpayers. Accordingly, Synergy will:

- (a) continue to operate in Western Australia as a GTE;
- (b) be a trusted and aligned source of expertise for government and be a respected and trusted market participant, reflecting its leading role in the WA energy landscape;
- (c) endeavour to be commercially sustainable and provide returns to its owner; and
- (d) remain a gentailer with a strong footprint in the generation, wholesale and retail markets.

In addition to Synergy’s strategic objectives, the safety and wellbeing of its employees are fundamental to core business. Synergy’s key initiatives occurring during the period include:

- (a) continue preparations for the retirement of Muja Stage C units 5 and 6 and the associated workforce transition;
- (b) ongoing refinements and optimisation of generation business unit operations and maintenance;
- (c) continue commercial discussions with Synergy’s existing major fuel and power purchase providers with the aim of attaining mutually beneficial and sustainable financial outcomes and maintain positive long-term relationships;
- (d) consider further development of renewable energy generation opportunities;

- (e) actively investigating energy storage solutions to complement its generation fleet so that it is better matched to the changing energy market landscape importantly including system stability needs;
- (f) in collaboration with EPWA and other stakeholders, develop large-scale and small-scale energy storage opportunities;
- (g) continue to work proactively with the government to support the Energy Transformation Strategy (**ETS**) and other market reform initiatives;
- (h) obtaining fair remuneration from the market for the provision of essential system services by working collaboratively with the State Government regarding the essential system services workstream of the ETS;
- (i) aligning organisational structure and people capability to the corporate strategy;
- (j) focussing on providing support and solutions for customers in hardship; and
- (k) digitisation of the workplace and customer platforms.

In achieving its purpose and objectives Synergy will:

- (a) live its values of innovation, accountability, collaboration and trust;
- (b) focus on being a cost-efficient, reliable and safe generator;
- (c) optimise its generation fleet to meet market and commercial imperatives;
- (d) implement a workforce transition program to reflect its changing generation portfolio;
- (e) provide consistently high levels of customer service to best position Synergy for any possible future reduction in the contestability threshold;
- (f) continue to provide electricity and gas to regulated tariff and contestable customers, and explore providing a broader set of behind-the-meter products and services to meet evolving customer expectations; and
- (g) proactively engage with stakeholders on its vision and plans for the future.

3.1 Synergy's strategic future

A transformative corporate strategy for Synergy to become a customer-centric, proactive, energy solutions provider is supported by the Synergy board and the State Government.

With the customer as its focus and its mandate, Synergy is moving to upgrade its Customer Engagement Platform. This will replace a variety of platforms and will result in a more integrated and bespoke customer service experience.

To support new DER markets and the State Government's DER roadmap, Synergy will investigate investing in systems and technologies that facilitate Synergy's customers becoming active market participants in generating, using and trading electricity.

Synergy will play a strong role in consumer education, positively incentivising customers to change their behaviour, including by giving them control and helping them manage their own energy usage.

3.2 Distributed Energy Resources

DER is the term given to solar PV, batteries, electric vehicles, microgrids and other small-scale energy technologies. These resources are transforming electricity systems. With this transformation comes a range of challenges and opportunities related to how electricity is produced, managed and consumed in Western Australia.

The State Government has released the DER Roadmap to guide reform priorities and practical activities that need to be completed over the next several years. Synergy supports the DER roadmap and is working with the State Government and other energy partners to deliver the actions needed to meet these challenges and harness the potential for cleaner, more affordable energy for everyone.

DER has the potential to bring great benefit to customers by allowing them to increasingly control how their energy needs are met, but also poses challenges and uncertainty for regulators, who have struggled to keep up with rapid technological advances.

Synergy's investment in DER is focussed on developing the tools and technologies that are needed to accelerate DER uptake when and where it makes sense to do so, while at the same time providing a return on investment to Synergy and the State Government.

3.3 Decarbonisation of the SWIS

In November 2020, the State Government released the WA Climate policy, which confirms a target of net zero (economy wide) carbon emissions by 2050. The policy requires GTEs to develop net zero emissions transition plans.

In 2022/23, Synergy will continue working towards reducing its carbon emissions in line with State and Federal government obligations and customer expectations. Synergy will do this in a way that also meets the generation requirements of the system to ensure power security and reliability across the SWIS.

Working closely with the State Government on decarbonisation investment pathways is a critical next step for Synergy. Synergy acknowledges the important role it will play in the development and implementation of renewable and energy products to support a transition to net zero emissions.

3.4 Ongoing transition of the generation fleet

With ongoing changes in demand, the rise of new technologies and changes to the market, Synergy needs to re-shape its supply portfolio to match current and future electricity demand requirements more effectively.

In reshaping generation business operations, Synergy will continue to play a key role in maintaining a secure and reliable electricity supply to SWIS customers and in doing so, support economic growth and the diversification of the State economy.

As Synergy works towards the staged closure of its Muja Stage C units 5 and 6 in 2022 and 2024 (respectively), the business will continue to manage employee transition associated with the change in operations. Synergy will continue to undertake proactive engagement with key stakeholders including government, industry, employees and unions and where practical, retrain impacted employees and move them into new roles created to execute Synergy's strategic priorities.

4 PERFORMANCE MEASURES AND OBLIGATIONS

Synergy's most recently approved forecast financial outlook is presented below.

4.1 Key performance indicators (KPI)

The business will manage day-to-day performance through the use of a wide range of operational KPIs. The measures and targets for these operational KPIs for 2022-23 are as detailed below:

| Key Performance Indicators | 2022 -23 target |
|--|-----------------|
| Financial performance | |
| Earnings before interest, depreciation, amortisation and tax (EBITDA) | \$178.1m |
| EBITDA margin | 4.9% |
| Net profit after tax (NPAT) margin | 1.7% |
| Employee safety | |
| Recordable Injury Frequency Rate (RIFR) lower than or equal to | 1.71 |
| Aboriginal and Torres Strait Islander Businesses | |
| Synergy to award 3.5% of all contracts and purchase orders over \$50,000 to Aboriginal and Torres Strait Islander Businesses | 3.5% |
| Scope 1 Emissions | |
| A reduction in Synergy's Scope 1 emissions of at least 50% as compared to 2005 levels. | 50% |
| Regulatory compliance | |
| Zero material regulatory breaches | 0 |
| Customer service | |
| Customer Effort Score (CES) greater than or equal to | 68.2% |

4.2 Dividend policy

Consistent with the performance targets, dividends are agreed annually with the State Government according to the profit results. Synergy will comply with the requirements of the Act. Section 126 of the Act requires the Synergy board to recommend a final dividend to the Minister as soon as practicable after the end of the financial year. Synergy's current dividend payout ratio is 75 percent of the audited June year-end Net profit after tax equivalent.

Payment of a final dividend, once accepted by the Minister with the concurrence of the Western Australian Treasurer (**the Treasurer**), is generally no later than six months after the end of the financial year to which it relates.

Where an interim dividend is paid, the amount is offset from the final dividend payment.

4.3 Accounting policies and governance standards

Synergy's accounting policies are consistent with Australian accounting standards, applying the not-for-profit elections where appropriate. Financial statements utilise the accruals basis of accounting and reflect the historic cost convention, except for

derivative financial instruments and defined benefit obligations, which are measured at fair value.

In addition, the following guidelines and standards are most relevant to Synergy's corporate governance practice:

- (a) Australian standard: AS 8000-2003: good governance principles;
- (b) Australian standard: AS ISO 19600: 2014 compliance management systems – guidelines;
- (c) Australian standard: AS ISO 31000: 2009 risk management – principles and guidelines; and
- (d) Australian stock exchange (ASX) Corporate Governance Council, 3rd edition, corporate governance principles and recommendations.

Although Synergy is not obliged to comply with the ASX guidelines, the business has committed to adopt best practice principles and practices that are in the best interests of its stakeholders.

4.4 Ministerial reporting

To meet the reporting requirements as outlined in the Act, Synergy will provide the Minister and Treasurer with a quarterly report (including a separate statement of financial performance for each business unit and subsidiary), for the first three quarters, and an annual report for the whole financial year.

Each quarterly report will be submitted one month after the end of the quarter. It will include:

- (a) an overview of performance including specific performance indicators as detailed in the SCI;
- (b) highlights of important achievements; and
- (c) consolidated financial statements with relevant accompanying notes.

The following additional confidential information will be provided:

- (a) on a quarterly basis, for the profit and loss statement, a summary of key variances to year-to-date budget with accompanying commentary; and
- (b) on an annual basis, within three months of the end of the financial year, a schedule comparing actual capital expenditure against budgeted capital expenditure, by project.

The annual report will follow the end of the financial year and will be provided to the Minister and Treasurer within the time specified by the Act.

It will include:

- (a) consolidated statutory financial statements;
- (b) other statutory information required of any company under corporations law;
- (c) an overview of major achievements and an appraisal of future prospects;

- (d) a comparison of performance with the SCI targets; and
- (e) other information required by the Act to be included, such as the particulars of any directions given by the Minister.

In addition to quarterly and annual reports, the Minister and Treasurer will be provided with:

- (a) a SDP and a one-year SCI; and
- (b) a report on staff compliance with any board issued codes of conduct.

The Minister will also be provided with:

- (a) any information in Synergy's possession requested by the Minister;
- (b) quarterly overseas travel reports in accordance with Premiers Circular 2021/02; and
- (c) a six-monthly report on consultants engaged on contracts for services in accordance with Premier's Circular 2021/17.

In communicating with the Minister, Synergy has formal protocols in place covering comprehensive communications with the Minister.

The protocol is consistent with the Act and seeks to ensure the Minister is provided with information that is factual, timely and reflects the best information available at the time. Consistent with the requirements of the Act, Synergy will consult the Minister on items of significant public interest.

4.5 Matters agreed on between the Minister and board

The Minister has sought the agreement of the board on several matters in 2021-22 which will also apply in 2022-23. These include consultation on board appointments, the Distributed Energy Buyback Scheme, Synergy's dividend commitments, the SDP and this SCI.

4.6 Community service obligations

Section 99(1) of the Act defines "community service obligations" as "obligations to perform functions or to meet performance targets that are not in the commercial interests of the corporation concerned to perform or meet".

As a GTE, Synergy understands its obligations not only to its customers but to the Western Australian community.

Synergy is subject to several obligations that are not in its commercial interests. This includes (but is not limited to) the administration of concession and rebate payments to eligible electricity customers and administration of the payment of various buy back schemes with eligible solar PV owners, representing the shortfall in available rebate provided for by the State Government.

Synergy has and continues to receive subsidies on behalf of its customers across a range of social concessions and to facilitate other government policies to better manage the cost of electricity to residential and small business customers in the south west of Western Australia.

The State Government periodically approves a suite of operating subsidies to be

provided to Synergy to fund it for cost shortfalls that it is currently unable to recover, as identified under the financial viability project. The payment is to be treated as a community service obligation to meet performance functions or to meet performance targets that are not in the commercial interest of the corporation.

The State Government supports those under financial hardship or on a concession through a range of subsidies. These range from the Western Australian Energy Assistance Payment to supporting eligible customers with dependent children, to waiving several fees and charges.

Subsidies administered by Synergy on behalf of the State Government:

| Details of Payments (\$ million) | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|--------------|--------------|--------------|--------------|
| SESH | 2.0 | 1.0 | - | - |
| COVID-19 hardship response | 1.7 | 1.7 | 1.7 | 1.7 |
| Project Symphony | - | - | - | - |
| DER aggregation and orchestration | - | - | - | - |
| EV charging stations | 0.1 | 0.1 | 0.1 | - |
| Distributed Photovoltaic Management (DPVM) | 6.3 | 6.1 | 6.1 | 6.1 |
| \$400 Household Electricity Credit | 419.7 | - | - | - |
| Distinct project or program subsidies | 429.8 | 8.9 | 7.9 | 7.8 |
| Energy assistance payment (EAP) | 77.6 | 80.8 | 83.8 | 87.1 |
| Dependent child rebate (DCR) | 23.3 | 24.2 | 25.1 | 26.1 |
| Air conditioning rebate (ACR) | 0.1 | 0.1 | 0.1 | 0.1 |
| Account establishment fee waiver (AEF) | 0.9 | 0.9 | 0.9 | 0.9 |
| Late payment waiver (LPC) | 0.2 | 0.2 | 0.2 | 0.2 |
| Social concession subsidies | 102.1 | 106.0 | 110.1 | 114.4 |
| System Security Transition Payment (SSTP) | 82.4 | 76.9 | 57.4 | - |
| Renewable Energy Buyback Scheme (REBS) | 41.6 | 44.8 | 31.9 | 31.7 |
| Distributed Energy Buyback Scheme (DEBS) | 5.3 | 12.1 | 1.9 | 6.3 |
| Tariff equalisation contribution (TEC) recovery | 91.9 | 91.4 | 93.3 | 93.3 |
| Re-energisation fee recovery | 0.4 | 0.4 | 0.3 | 0.2 |
| De-energisation fee recovery | 0.6 | 0.5 | 0.4 | 0.4 |
| Paper-based bill fee recovery | 1.7 | 1.7 | 1.8 | 1.8 |
| Over the counter (OTC) fee recovery | 0.5 | 0.5 | 0.5 | 0.5 |
| Wholesale Electricity Market (WEM) reform | 4.7 | 4.3 | - | - |
| Financial viability project subsidies | 229.1 | 232.6 | 187.5 | 134.2 |
| Total operating subsidies | 761.0 | 347.5 | 305.5 | 256.4 |

Customers per subsidy (where applicable):

| Number of Recipients | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|--|------------------|------------------|------------------|------------------|
| \$400 Household Electricity Credit | 1,049,143 | - | - | - |
| Distinct project or program subsidies | 1,049,143 | - | - | - |
| Energy assistance payment (EAP) | 331,026 | 335,329 | 340,024 | 344,784 |
| Dependent child rebate (DCR) | 75,795 | 76,780 | 77,855 | 78,945 |
| Air conditioning rebate (ACR) | 323 | 327 | 332 | 336 |
| Account establishment fee waiver (AEF) | 26,795 | 27,143 | 27,523 | 27,909 |
| Late payment waiver (LPC) | 29,491 | 29,874 | 30,292 | 30,716 |
| Social concession subsidies | 463,430 | 469,453 | 476,026 | 482,690 |
| Renewable Energy Buyback Scheme (REBS) | 251,722 | 234,102 | 217,715 | 202,475 |
| Distributed Energy Buyback Scheme (DEBS) | 146,130 | 194,840 | 243,550 | 292,260 |
| Tariff equalisation contribution (TEC) recovery | 1,031,734 | 1,041,378 | 1,051,061 | 1,060,783 |
| Re-energisation fee recovery | 10,306 | 10,440 | 10,586 | 10,734 |
| De-energisation fee recovery | 15,895 | 16,102 | 16,327 | 16,556 |
| Paper-based bill fee recovery | 255,297 | 258,616 | 262,236 | 265,908 |
| Over the counter (OTC) fee recovery | 78,461 | 79,481 | 80,594 | 81,722 |
| Financial viability project subsidies | 1,789,545 | 1,834,959 | 1,882,069 | 1,930,438 |
| Total operating subsidies | 3,302,118 | 2,304,412 | 2,358,095 | 2,413,128 |

4.7 Borrowings

At 30 June 2021, Synergy's total debt was \$218 million. Synergy's debt position is forecast to increase to \$237 million by the end of the 2021-22 financial year.

4.8 Pricing

Synergy exclusively supplies non-contestable customers (those consuming less than 50 MWh/year) in the SWIS. Tariffs for these customers are regulated and are annually reviewed and set by the State Government.

Synergy also supplies some contestable customers (those consuming greater than 50 MWh/year) within the SWIS through either a regulated tariff, which is annually reviewed and set by the State Government, or on market-based contract terms.

Synergy's fees and charges are also annually reviewed and set by the State Government.

Synergy and DoT provide advice to the Minister and Treasurer, respectively, as part of the tariffs, fees and charges setting process.

Appendix 1: Explanatory notes concerning KPIs

| KPI | Explanation |
|--|--|
| Financial Performance | |
| EBITDA margin | Measure of operating profitability margin regardless of capital structure (depreciation and interest payments) or taxes, calculated as: EBITDA / total revenue. |
| NPAT margin | Measure of profits of business operations - i.e. what remains after subtracting all the costs including depreciation, interest, and taxes from total revenue. |
| Employee safety | |
| RIFR | An occurrence that resulted in a fatality, permanent disability or time lost from work of one day/shift or more (Workplace Injury and Disease Recording Standard (Australian Standard 1885.1 – 1990)) |
| Regulatory compliance | |
| Zero material regulatory breaches | Proven breaches of environmental protection legislation. Proven breaches of market rules resulting in penalties. |
| Customer service | |
| CES | CES is the percentage of survey respondents who rate a 9 or 10 out of a 0 - 10 point rating scale for the question "How easy was it to interact with Synergy?" |
| Reduction in emissions | |
| Scope 1 emissions as compared to 2005 levels | Scope 1 greenhouse gas emissions are the emissions released to the atmosphere as a direct result of an activity, or series of activities at a facility level. Scope 1 emissions are sometimes referred to as 'direct emissions'. |