



**Leading Western  
Australia to a sustainable  
energy future**

Annual Report 2023

# Statement of compliance

For the year ended 30 June 2023

To the Hon. Bill Johnston MLA, Minister for Energy

In accordance with the provisions of the *Government Trading Enterprises Act 2023* (Act), I hereby submit for your information and presentation to Parliament, the 2023 Annual Report of the Electricity Generation and Retail Corporation, trading as Synergy.



**Michelle Shepherd**  
Chair

## About

The 2022-23 Annual Report is a review of Synergy's performance for the financial year ended 30 June 2023.

The objective of this report is to provide our customers, community and stakeholders, and our owner, the Western Australian Government, with information about our operational and financial performance for the 2022-23 financial year.

To view this report online scan the QR Code.

To provide feedback on this report, please email [media@synergy.net.au](mailto:media@synergy.net.au)





## Acknowledgement of Country

We acknowledge the Traditional Owners of the Land on which we operate and their continuing connection to the land, water and community. We pay our respects to all Aboriginal and Torres Strait Islander communities, their cultures and to Elders past, present and emerging.



*The front cover photo represents Western Australia's ongoing energy transformation. At the forefront are our people in front of the Kwinana Battery Energy Storage System, the first big battery, located at Kwinana-Cockburn Power Station site. The imposed photo dates back to the 1980s and captures the now decommissioned coal-fired Kwinana Power Station.*

## Climate change commitment

At Synergy, we are committed to working together towards a climate-resilient and prosperous lower carbon future for our communities.

We acknowledge the scientific consensus on anthropogenic climate change and the need for a transition to a net-zero carbon society.

In 2022, we reviewed our long-term corporate strategy to reflect this commitment and transformation to a sustainable future in an evolving and complex new energy market.

Through both current and future projects, we will support the State Government's aspiration of net-zero greenhouse gas emissions by 2050.

Synergy will continue to explore cleaner and smarter ways to make, store, use and trade energy as we move towards an intelligent energy future.



# An illustrative journey

Come on a journey with us and explore who we are, what we do and where we are going. We are committed to making a positive contribution to Western Australia, our people, the economy, the environment, local communities and stakeholders.

We invite you to explore this in an illustrative format in this year's Annual Report.







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OPERATIONS

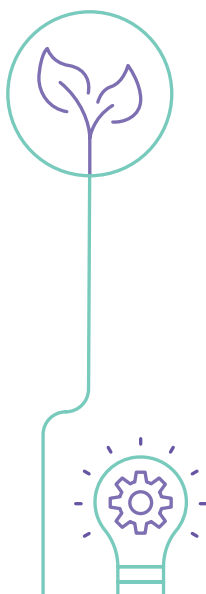
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# Chair's report

It was a privilege to be appointed Chair of the Synergy board in May 2023.

I would like to acknowledge and thank Robert Cole, who served as the Chair for more than five years and made a significant contribution to the organisation.

I have joined during a time of rapid change in the organisation, and the industry. In my 20 years in the private and public sectors of Australia's electricity and gas markets, I have never been more excited about the future of the energy industry than I am now. There are enormous challenges and opportunities for Synergy as we work to meet the State Government's target of 80 percent reduction in our emissions, from 2020 levels, by 2030. A large amount of work is underway to increase our portfolio of renewable assets by building and acquiring wind farms and developing more firming technology.

In the years ahead this transition will present some unique operational challenges. Synergy's site at Kwinana continues to be a microcosm of the energy transition; the demolition of an old coal-fired plant, operating a large gas generation facility and the construction of commercial sized batteries are all taking place on one site concurrently. This requires us to be diligent and thorough in our commitment to safety, an area I am passionate about.



Our new safety strategy sets clear objectives for the financial year 2023-2024 ensuring we deliver excellence in safety across our people, operations and assets. We launched our organisation-wide safety leadership training series, with a comprehensive three-part course aimed at understanding the fundamentals of risk management, personalising risk and increasing understanding of psychosocial risks. We all have a role to play in creating an exceptional place to work; the wellbeing of our people is at the forefront of everything we do.

To successfully deliver such critical work it is essential we attract the best talent that accurately represents the community that we serve. An exciting part of Synergy's diversity, equity and inclusion commitment is our employment initiatives to recruit and develop candidates with a diverse lived experience. This includes partnering with Disability Employment Service provider and NDIS provider, EDGE Employment Solutions, which specialises in the placement and support of candidates with disability into the workplace.

The organisation is focused on improving engagement with Aboriginal and Torres Strait Islander communities and people, through our Innovate Reconciliation Action Plan (RAP) and is uniting with South Metropolitan TAFE to offer several Aboriginal and Torres Strait Islander candidates traineeship employment pathways with Synergy.

Synergy is in the early stages of this journey but I am energised by the passion of those I work with and am excited to bring my experience and skills to accelerate our work in this area.

Some notable achievements from the financial year 2022-23 which I was excited to witness include the energisation of the Kwinana Battery Energy Storage System (KBESS1), the approval of a second 200 MW battery at Kwinana (KBESS2) and a 500 MW Battery Energy Storage System at Collie. As we embark on these new battery projects, there are key lessons from our development and construction work on KBESS1 that will inform our approach to achieving best practice.

Synergy also evolved its corporate strategy in the financial year 2022-23, introducing a new social value pillar. Social value is Synergy's positive contribution to Western Australia and its people. Supporting our customers is a key part of this.

To that end, Synergy has established a dedicated team to work closely with the most vulnerable members of our community. This team have a personalised approach designed to best support the individual challenges of our customers and do an exceptional job, often identifying customers (financial or otherwise) at risk and connecting them with other support services and charities.

The Fresh Start program is one example, designed to remove barriers preventing recovery from a domestic violence situation, including ensuring victims' electricity is not disconnected, consideration of debt waivers and additional incentives.

Synergy continues to invest in programs and initiatives that drive sustainable outcomes for people and communities. The State's transition away from coal-fired generation by 2030 makes this work even more important. The organisation's Workforce Transition program is considered world-leading and as the adoption of renewables accelerates globally, we know the industry will continue to look to Synergy for leadership in this space. Our commitment to our impacted workforce over the next five to seven years is unwavering and we will continue to raise the bar in this area by listening to our people and adapting to the changing energy landscape.

I extend my thanks to my fellow board members who demonstrate their constant commitment, guidance and collaboration.

It's important to recognise the hard work of CEO, David Fyfe, the executive leadership team and all our employees and contractors across our seven sites during this incredibly busy 12 months for Synergy. I would like to thank the State Government and in particular the Minister for Energy, I look forward to working with them closely towards our shared goal of 80 percent reduction in emissions by 2030.

There are many challenges ahead, but with that comes the opportunity to learn, innovate and ultimately create a better energy system and a better Western Australia.



**Michelle Shepherd**  
Chair



# Chief Executive Officer's report

This year has been one of transition for Synergy. In early 2022, we evolved our corporate strategy, charting a new course for a more sustainable Western Australia.

The updated strategy takes into account what is changing externally and sets out our strategic ambition beyond 2030. It outlines our core plan, which will see us replace our coal-fired power stations with renewable energy generation and storage. It brings our customers on the journey, enabling Western Australia's transition to net-zero carbon emissions by 2050.

In 2023, the organisation's focus has been on delivering against our strategic objectives.

Synergy has a long history of investing in the future of the State, its people and communities. Since its original iteration in the 1960s, Synergy has continually changed and reimagined its future for the betterment of society, adapting to continue to be an international energy leader.

I would like to personally thank former Synergy Chair, Robert Cole and wish him the very best in his new role. Rob retired from the position after five years and his expertise and leadership have been invaluable in supporting the organisation's transformation over the last 18 months. I'm pleased to extend a warm welcome to our new Chair, Michelle Shepherd, whose industry knowledge will be a significant asset as we work towards our strategic ambitions and an 80 percent reduction in carbon emissions by 2030.

In 2023, Synergy achieved a major milestone, when the KBESS1 facility was energised. The development

of a second battery is underway, next to KBESS1 at Kwinana Power Station, which will be able to charge and discharge energy at a rate of 200 MW with 800 MWh of energy storage - four times the size of KBESS1.

In addition to the Kwinana batteries, in April 2023, a 500 MW Battery Energy Storage System at Collie was announced. The Collie battery, which is expected to be operational by the end of 2025, will be at 2,000 MWh of storage. The commercial-sized batteries will help stabilise the electricity system and optimise the performance of our renewable energy assets.

We have made exciting progress on expanding our suite of wind farms by receiving development approval for the King Rocks asset near Hyden. At the wind farm, some of the largest turbines in Australia will be installed, each with a capacity of up to 7 MW, with up to 150m tall towers and 90m long blades.

As we shift away from coal fired generation to renewables, we remain an active participant in supporting the Collie community through our world-leading transition program, the Collie Small Grants Program, and partnering in initiatives such as the Collie Art Prize, the Collie River Mountain Bike Marathon and the Collie Labour Day Festival.

Our evolved corporate strategy includes a new social value pillar which is the legacy we leave behind for future generations. One way we do this is through our Community Investment Program. In 2022, as part of our Community Investment Program we launched our Community Giving Fund.

Through our Community Giving Fund, we support programs and initiatives that drive sustainable outcomes for people, communities and the environment. In 2022, we awarded almost \$70,000 to community organisations, charities, and not-for-profits, who make a positive impact on the communities in which we operate.

When I commenced the CEO role in February 2022, I prioritised investment in the areas of inclusion and diversity. I am a member of the Champions of Change Coalition and CEOs for Gender Equity and am committed to driving gender equity outcomes at Synergy. We now have several female leadership programs underway, increased parental leave entitlements and have a 50 percent gender balance across our leadership team. We have achieved a lot in the past 12 months. By setting targets, making changes and continually adapting our approach, we will continue to make great strides in this space.

As a people first organisation, safety on all sites is our priority. We are lifting our standards and

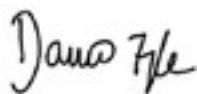
working towards best practice, including changing our approach to capturing critical information by increased maintenance and construction work hours. This change has resulted in a recordable injury frequency rate (RIFR) of 4.94 percent.

Our customers are at the forefront of everything we do and we continue to develop products that will support them and their diverse needs. Community Energy is a new residential tariff, offering the first 10 units kilowatt hours (kWh) of electricity at zero charge between 9am and 3pm each day during the super off-peak time period. This product is designed to support more vulnerable customers and is available to those on a hardship program or identified as experiencing financial hardship.

I refer to the outcome on 7 November 2022, of the Economic Regulation Authority's (ERA) application to the Electricity Review Board (ERB). Synergy breached a Wholesale Electricity Market (WEM) rule in 2016 to 2017, this was not deliberate. This contravention did not directly impact the cost of electricity for residential customers. In Western Australia the price of electricity for households is set by the State Government. Synergy acknowledges the settlement with the ERA, which led the ERB to conclude proceedings. We look forward to working constructively with Energy Policy WA (EPWA) and the ERA to reform the regulatory regime to ensure that market participants can receive adequate compensation in the future.

Synergy's financial year result for 2022-23 was a net loss before tax of \$732.6 million, which compares to a net loss before tax of \$429.0 million in the previous year. The net loss in 2022-23 is predominantly due to onerous contracts of \$773.7 million, where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits received under the contract. Excluding for these onerous contracts, a net asset impairment write back of \$77.1 million and the settlement of ERA proceedings of \$30 million, our reporting concludes an underlying net loss before tax of \$6.3 million.

I would like to thank our Chair, Michelle Shepherd and the board of directors for their commitment and engagement, and the Hon. Bill Johnston MLA, Minister for Energy and his office for their support, during this exciting time of change in Western Australia's energy industry.



**David Fyfe**  
Chief Executive Officer



# Executive Leadership Team

Left to right:

**Jonathan Cowper**  
Chief Financial Officer

**Melanie Brown**  
Executive General  
Manager Trading &  
Governance

**Angie Young**  
Executive General  
Manager Thermal  
Generation

**Tiri Sanderson**  
Executive General  
Manager People,  
Strategy & Social Value



**Lesley Walker**  
Executive General  
Manager Customer

**Kurt Baker**  
Executive General  
Manager Future Energy

**Gary Peel**  
Chief Information Officer

**David Fyfe**  
Chief Executive Officer







# Be enlightened

'Be enlightened' stories relate to pillars of our corporate strategy and key performance indicators.

Throughout this report you will find stories demonstrating our corporate strategy in action. Look for the symbol to be enlightened.

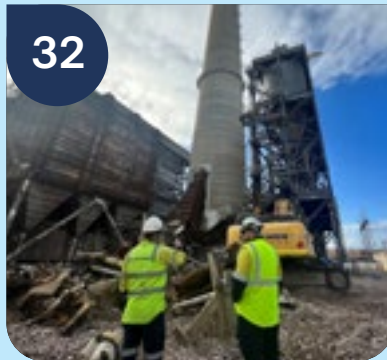


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Preparing our generation fleet

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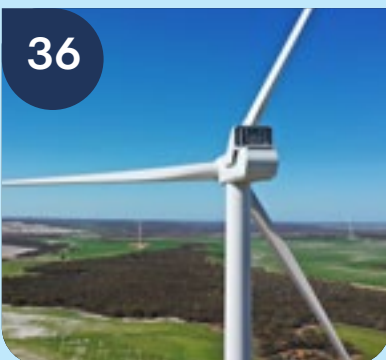
We are retiring and rehabilitating for the future

34



We are leading the charge in WA

36



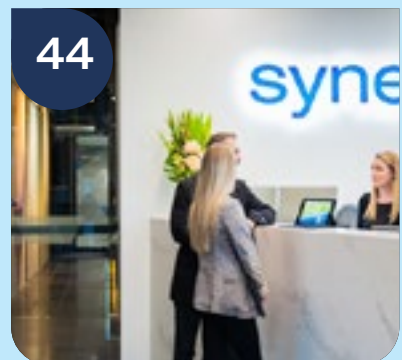
We are creating wind projects for the future

38



We are building storage in our community

44



We are enabling local government to transition to lower net carbon emissions





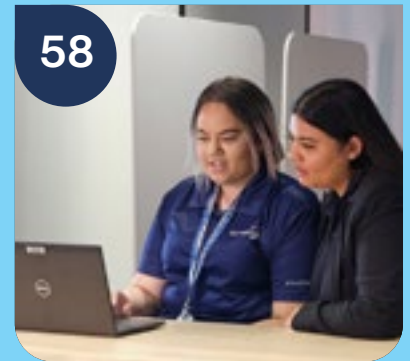
45

We are helping households that are vulnerable to financial hardship



56

We are fostering diversity at Synergy



58

We are developing future energy professionals



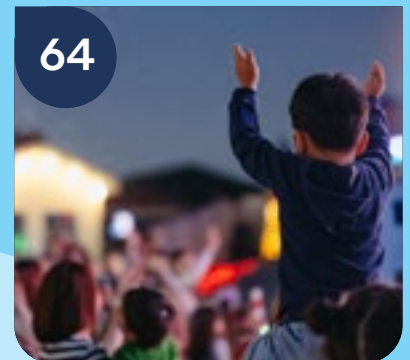
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We are preparing our people for future opportunities



60

We are transitioning Pinjar Power Station operations



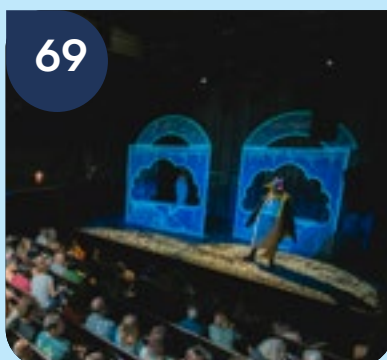
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We are supporting our community



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We are committed to building energy education



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We are in partnership with the arts



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We are supporting Collie

# We are Synergy

We are proud to be Western Australia's largest integrated electricity generator and energy retailer. Our objective is to work together with more than one million Western Australian household and business customers towards an intelligent energy future of safe, reliable, lower emissions power at the lowest sustainable cost.

We are on a journey towards a sustainable energy future. This journey will see us create renewable energy and storage, and reduce carbon emissions.

Across Western Australia, millions of people rely on Synergy to live, work and play. People are at the core of everything we do and we are dedicated to helping them access affordable and efficient energy solutions, make empowered decisions about energy management and navigate Western Australia's changing energy landscape.

As part of this commitment to the Western Australian community, our coal power stations will be retired by 2030, as we embark on a sensible, managed transition to a greater use of renewables, while ensuring electricity reliability and affordability.

To replace retired coal generation, we plan to install 410 MW (megawatts) of new renewable generation and 1,100 MW of new four hour storage (4,400 megawatt hours of storage).

Throughout this transition, we are committed to helping our customers better manage their energy use and contain their costs, without compromising the provision of reliable energy.

Synergy is a people-led organisation, the health, safety and overall wellbeing of our staff and contractors is at the forefront of everything we do.

## Our purpose is clear – to lead Western Australians to their intelligent energy future.

# Synergy Snapshot

1,069,970

RESIDENTIAL CUSTOMERS

104,618

BUSINESS CUSTOMERS

939

EMPLOYEES

6,562 GWh

TOTAL  
ENERGY GENERATION

756 GWh

TOTAL ENERGY GENERATION  
FROM RENEWABLES

13,661 GWh

TOTAL CUSTOMER  
ENERGY USAGE

**Note:** Residential 4,596 GWh,  
Business 4,299 GWh

13

STORAGE ASSETS

26

GENERATION ASSETS

7

RENEWABLE ASSETS

**Note:** Includes Bright Energy Investment  
(BEI) in which Synergy have an interest





# Powering our community

Western Australia

 South West Interconnected System

 Coal-fired power station

 Wind farm

 Gas turbine

 Battery

 Solar

 EV charging stations

BEI – Bright Energy Investments

Greenough River BEI  
Mungarra

Warradarge BEI

Alkimos

Pinjar

Coolgardie

PERTH

Cockburn

Kwinana

Collie

Muja

Margaret River

Manjimup

Walpole

ALBANY Grasmere BEI

KALGOORLIE







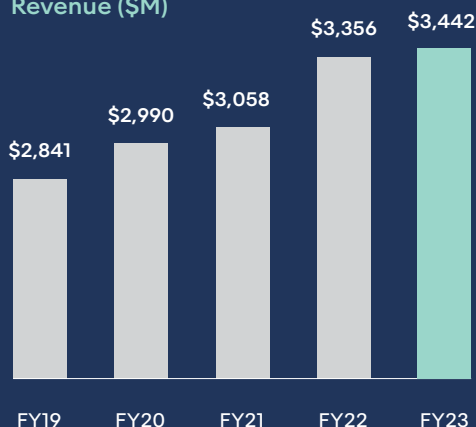
# Financial overview

Synergy achieved underlying revenue growth of 2.6 percent during the financial year despite increasing levels of rooftop solar reducing average household electricity demand. Electricity sales were impacted by weather conditions over Autumn and Winter increasing heating requirements, including the coldest June since 1973.

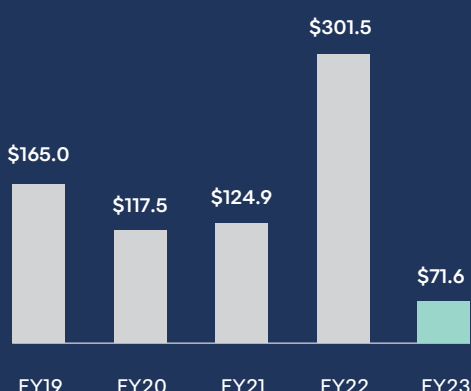
The broader Wholesale Electricity Market (WEM) experienced higher energy prices during the financial year, reflecting changes to availability and dispatch of market participants, and increased costs to generate electricity due to higher input costs including fuel and maintenance.

Synergy recorded a statutory net loss before tax of \$732.6 million for the financial year 2022-23. This has been driven by non-cash provisions with higher future-year expenditure requirements and other economic factors such as increased CPI forecasts.

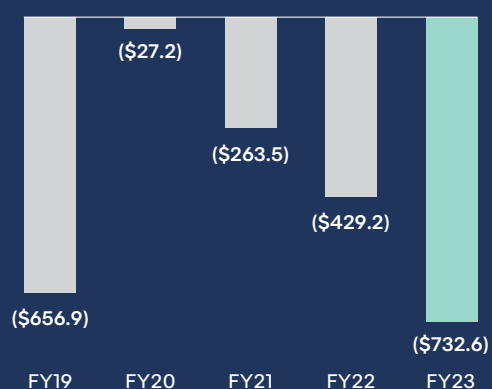
Revenue (\$M)



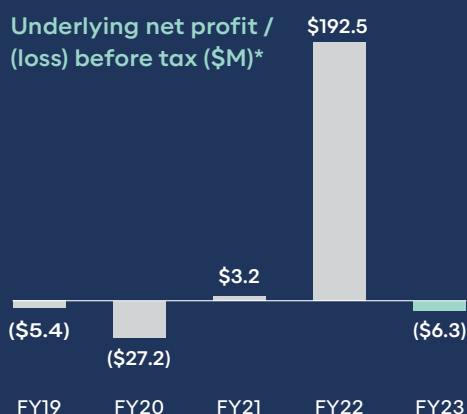
Underlying EBITDA (\$M)\*



Statutory net profit / (loss) before tax (\$M)



Underlying net profit / (loss) before tax (\$M)\*



\*Underlying excludes the impacts arising from provisions for onerous contracts \$773.7 million, other expenses of \$30.0 million related to the Customer Offset for Synergy Compliance Breach, reversal of impairment of non-current assets of \$771 million and share of profit from joint ventures of \$0.3 million.



# The changing energy landscape

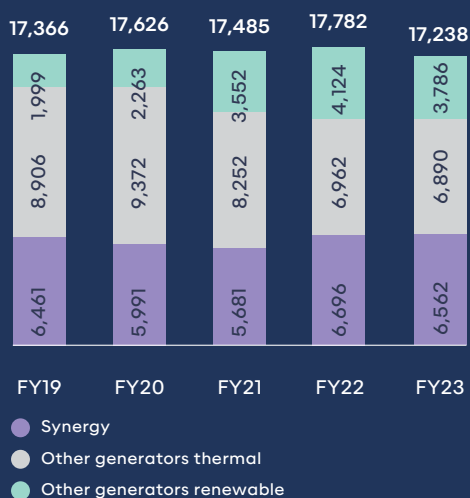
Muja Power Station's Unit 5 was removed from service in October 2022. Whilst no large-scale generators commenced operations during the financial year, the journey towards developing new power infrastructure to support decarbonisation of the South West Interconnected System (SWIS) progressed at pace.

Synergy's first large-scale storage project, the Kwinana Battery Energy Storage System (KBESS1), reached the operational testing phase during the financial year and provides 100 MW of energy capacity with 200 MWh of energy storage.

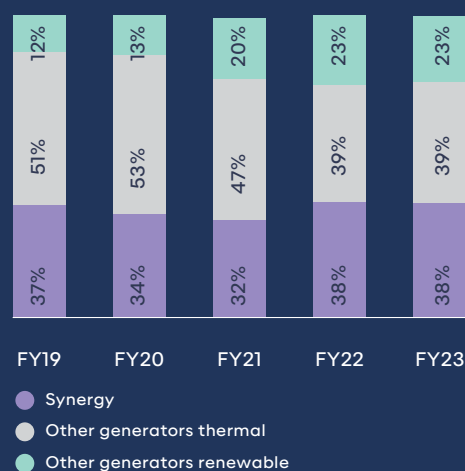
The business case for two additional large-scale storage projects, the Kwinana Battery Energy Storage System 2 (KBESS2) and the Collie Battery Energy Storage System (CBESS), reached final investment decision during the year, with funding provided by the State Government to commence construction. These two projects provide 700 MW of energy capacity with 2,800 MWh of energy storage.

Additionally, five Western Australian EV Network charging stations commenced operations during the financial year. The initiative is part of the State Government's Electric Vehicle Action Plan.

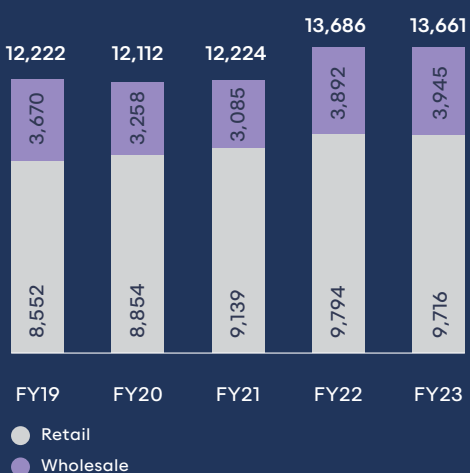
SWIS generation (GWh)



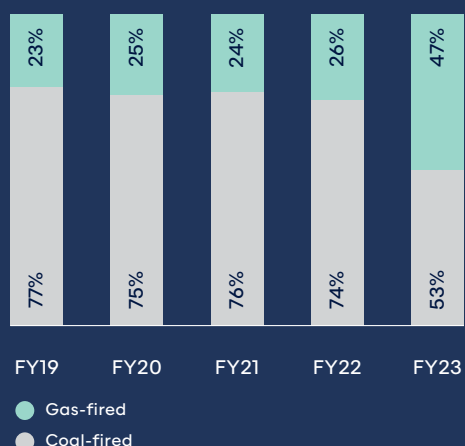
SWIS generation mix (%)



Electricity sales (GWh)



Generation fuel mix (%)



# Synergy's corporate strategy evolution

Synergy's corporate strategy sets out the long-term goals and direction for the entire organisation.

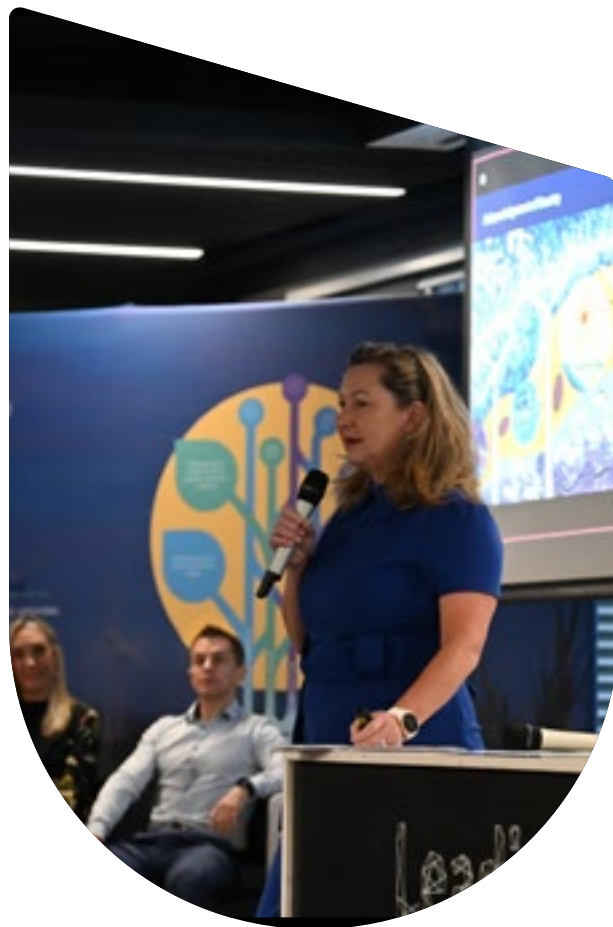
Since the launch of Synergy's previous corporate strategy in 2020, societal expectations and Government outlook regarding the energy sector have changed significantly.

Support for green and sustainable economies continues to grow globally.

These changes present new strategic opportunities for Synergy to deliver on its purpose of leading Western Australians to their intelligent energy future.

CEO David Fyfe, executive team members and the board, supported by key subject matter experts, considered future ambitions and reorientated the organisation towards a new strategy. Customers' needs are changing and to be successful, Synergy must continue to evolve and adapt to meet the needs of over one million Western Australians.

The outcome of this work is an evolved corporate strategy for Synergy. This new strategy sees the three strategic pillars of customer centric, solutions focused and proactive organisation, joined by a fourth pillar: social value. Social value is the organisation's positive contribution to society, its people, the environment, local communities and stakeholders.



## Social value will be the legacy we leave behind for future generations.

These four pillars underpin the strategy and the actions of the organisation. They balance decision making and support Synergy in achieving its purpose.

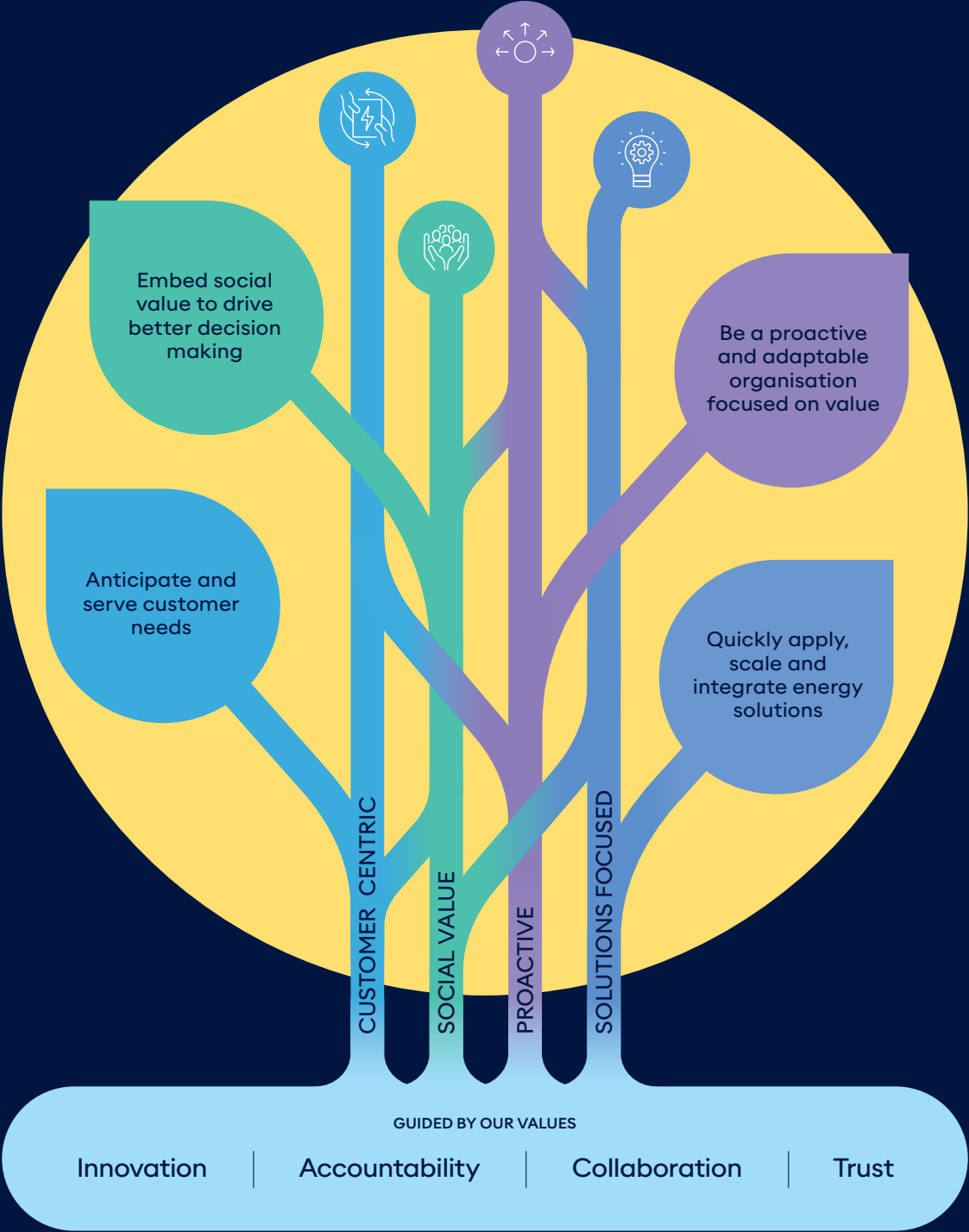
Synergy's new corporate strategy sets out a core plan that sees us through the retirement and replacement of coal-fired power stations with renewable energy generation assets and storage. At the same time, we will work with the State's transition to net-zero carbon emissions and social value will inform our everyday decision making.

We invite you to join us as we undertake this journey.





# Synergy's corporate strategy





## Customer centric

### Anticipate and serve customer needs

Enable our customers to become greener

Work with the market to educate customers about green energy and develop products to meet their needs

Continue to support our most vulnerable customers through the energy transition



## Social value

### Embed social value to drive better decision making

Deliver an 80% reduction in carbon emissions by 2030

Develop a framework to capture the full value our organisation delivers to customers, communities and the environment

Grow our portfolio of carbon offsets to enable us to become a net-zero carbon emitter by 2050

Create a net positive outcome for our communities impacted by the energy transition



## Solutions focused

### Quickly apply, scale and integrate energy solutions

Retire our coal-fired power stations by 2030 to reduce our carbon emissions by 80%

Build 410 MW renewable and 1,100 MWh storage assets

Continue to build our distributed energy resources (DER) capabilities to complement our growing renewable energy portfolio

Explore emerging storage technologies and options, including pumped hydro energy storage



## Proactive

### Be a proactive and adaptive organisation focused on value

Transform our organisation and build capabilities

Grow our relationships with key stakeholders and advocate for the electricity network we need to support the energy transition

Expand our development pipeline of renewable and storage assets





# Operations



# Our operations

The energy sector is undergoing a significant transformation. Synergy is innovating and adapting operations for the new market while continuing to provide safe and reliable energy.

Energy generation and storage assets currently include Muja and Collie coal-fired power stations, Cockburn, Pinjar, Kalgoorlie-Boulder and Mungarra gas-fired power stations and Kwinana battery energy storage system. Synergy also has significant renewable energy capacity in Western Australia's Mid West and Great Southern regions through our interest in Bright Energy Investments (BEI).

Synergy's total electricity generation was higher than expected due to unpredictability in the market.

In financial year 2022-23 our target was to deliver 4,961 million units of electricity. We exceeded this target and delivered 6,562 million units of electricity.

Our total Availability Capacity Factor\* was below the target due to the return of Pinjar Power Station Unit 10 being delayed and the requirement for an extended forced outage on Collie Power Station.

Our total electricity generation was 6,562 GWh, 32% above target of 4,961 GWh



32%↑

Our total generation Availability Capacity Factor\* was 72%, 6.5% below target of 78.5%

6.5%↓

A record low operational load of 626 MW occurred on 16 October 22

626<sub>MW</sub>

Number of generation assets

24



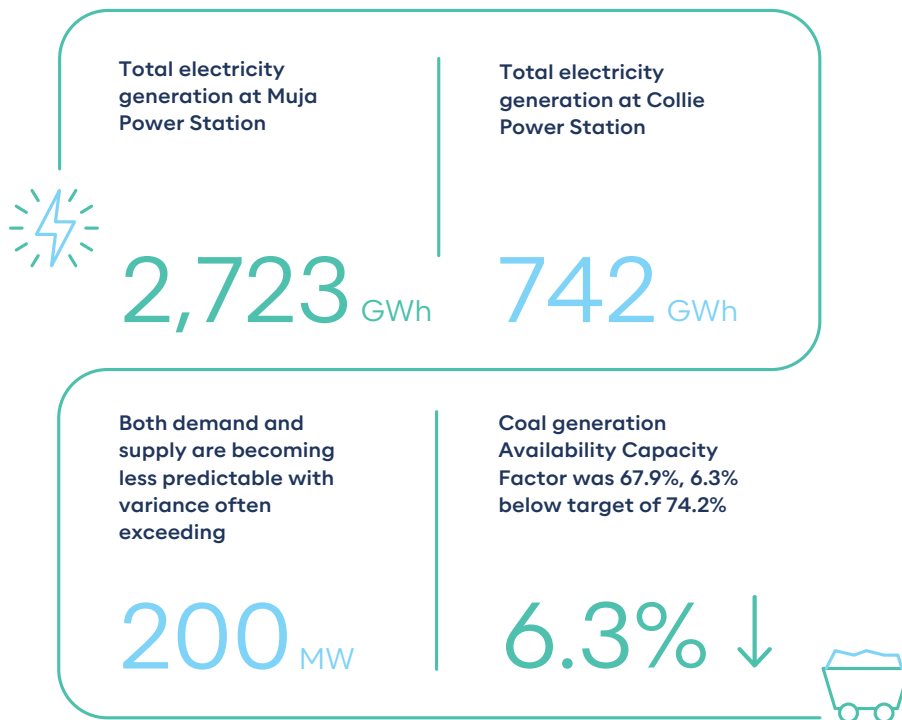
\* Availability Capacity Factor is the fraction of maximum generation that Synergy's generation fleet could provide if only limited by outages and deratings.

# Coal generation

Synergy owns and operates coal-fired generation at Muja and Collie power stations.

The State Government announced its intention to transition away from coal fired generation by 2030. Collie Power Station is scheduled for closure in late-2027. Muja Power Station is scheduled for closure in late-2029.

Synergy is leading this initiative and has engaged a third-party contractor to initiate the first phase of closure planning for Collie Power Station. The scope includes a collaboration to review the potential closure options and their alignment to Synergy's strategic goals and identify any risks or opportunities associated with these options. The scope also includes preliminary forward works plan, which outlines the next steps in the site's closure process.







# Gas generation

Synergy owns and operates gas turbines at Kwinana Power Station (Cockburn Power Station), Pinjar Power Station, and regionally at Kalgoorlie and Mungarra Power Stations.

Synergy's gas turbine fleet plays a significant role in both the provision of energy and a number of essential system services in support of a reliable South West Interconnected System (SWIS).

Synergy's gas turbine fleet will continue to support the SWIS as Synergy and the State progresses with its decarbonisation strategy.

Gas generation for  
Kwinana Power Station



1,069 GWh

Total gas generation  
across our four sites

3,093 GWh

Gas generation at  
Cockburn Power Station

1,288 GWh

Gas Generation  
Availability Capacity  
Factor was 76.1%, 2.4%  
below target of 78.5%

2.4% ↓

Gas generation at  
Pinjar Power Station

725 GWh

Gas generation at  
Kalgoorlie Power Station

4.47 GWh

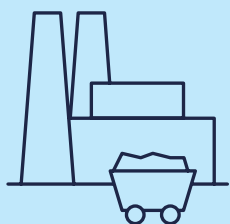
Gas generation at  
Mungarra Power Station

5.50 GWh









## Preparing our generation fleet

As Western Australia's largest electricity generator, Synergy is experienced in innovating to overcome challenges associated with the changing energy landscape.

### Coal shipping and blending in summer 2023

During the 2022-23 holiday period, Synergy received an initial shipment of 50,000 tonnes of coal and then in February 2023, the second and final shipment of 50,000 tonnes of coal was received.

The coal was blended with the existing coal supply to ensure its use does not compromise Synergy's process safety or unit operation. Synergy has developed innovative methods to undertake this process.

### Technical expertise minimises unplanned outage

On the 2023 Australia Day long weekend, Kwinana Gas Turbine No. 3, located at Cockburn Power Station, had an unplanned outage. This outage was due to a high-pressure compressor casing failure which required a supercore (gas turbine engine) changeout.

The unplanned supercore changeout was completed in 12 days, two days earlier than scheduled, even with labour and other constraints within the market. This outage was resolved earlier than scheduled due to employee commitment, strong contract partner relationships and deep technical expertise within Synergy.

While the Kwinana Gas Turbine No. 3 was offline, the opportunity was taken to complete some work that will reduce future outage duration.



## Cockburn Steam Turbine was ready for summer

The Cockburn Steam Turbine needed an outage to undertake major works, including a steam turbine inspection, installation of a newly manufactured steam turbine rotor and commissioning of the steam turbine.

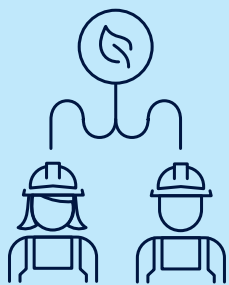
These major works were scheduled to commence well before the summer period to ensure the unit was ready for summer 2021-22. Unfortunately, due to the COVID-19 pandemic, these works were delayed on two occasions. Due to increasing operational risk, Synergy decided the works could not be delayed beyond the 2022 calendar year. Consequently, on 6 October 2022, Cockburn Steam Turbine commenced its 56 day outage.

Internal inspection of the gas-fired steam (using a borescope) discovered significant impact damage on the first row of blades. This damage had a significant effect on the outage, it more than doubled the employee/contractor hours and resources required, and consequently threatened our summer

readiness strategy. To combat this, Synergy worked collaboratively with our contractors to ensure the essential repairs could be completed and the revised schedule could be adhered to.

The important milestone of motor roll and the commencement of hot commissioning (gas turbine coming back online) was achieved on 12 December 2022. 56 days post discovery of the gas turbine blade damage and only 10 days longer than typically undertaken for a planned major inspection of the gas turbine.

This was a major achievement and could not have been realised without an innovative and collaborative effort of our workforce to achieve summer readiness.



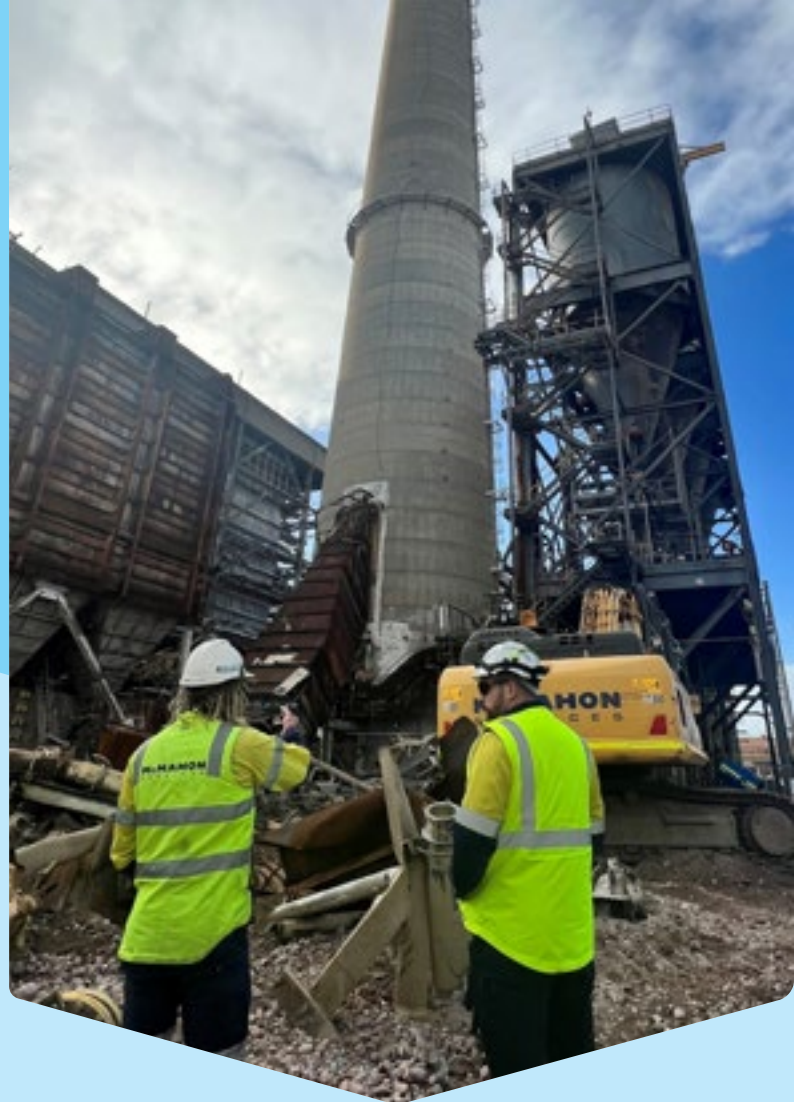
## We are retiring and rehabilitating for the future

As Western Australia transitions to a renewable energy future, Synergy is in the process of decommissioning, demolishing, remediating and reusing the site of the old coal fired Kwinana Power Station.

The Kwinana Power Station was shut down in 2015. In 2016, the Kwinana Rehabilitation Project was created to undertake the decommissioning and demolition of six retired coal, oil and gas-fired steam generating units.

Over the past year, Kwinana Power Station decommissioning has continued with the removal of cladding and insulation from site structures and equipment. Demolition of some retired structures including the old administration building and Stage C precipitators has occurred.

In financial year 2022-23, the construction of a new fire water pump station, gas generation operations building (Kambarang) and water treatment plant was completed.



As part of this project a bespoke mast climber is being designed to help us deconstruct the two large chimney stacks on site. This mast climber, which can be adjusted to suit the stack diameter, is being engineered and fabricated in Spain and is expected to arrive on site late 2023.

The mast climber provides a working platform that can be raised and lowered as required. Two mini excavators will be positioned on the working platform and will work to deconstruct the chimney stacks by knocking brickwork down inside the stack itself. This approach is being used to improve safety and will ensure the stacks are deconstructed in a manner that will have as little as possible impact on the site.

Phase 7 of the Kwinana Power Station decommissioning is due to commence in early 2024 and will involve demolition of the coal bunkers, boilers, turbines and most of the turbine hall structure.



# Renewable generation

Synergy is leading Western Australia's sustainable energy transition by delivering a pipeline of renewable energy generation and storage assets throughout the South West Interconnected System, supporting customers on their decarbonisation journey.

In 2023 the Kwinana Battery Energy Storage System (KBESS1) was energised. Construction on a second battery energy storage system at Kwinana (KBESS2), which will be able to charge and discharge energy at a rate of 200 MW with 800 MWh of energy storage, began in July.

In April 2023, a 500 MW/2,000 MWh Battery Energy Storage System at Collie was announced. The Collie battery (CBESS), which is expected to be operational by the end of 2025, will be even bigger than KBESS2 both in terms of power and energy storage.

The King Rocks Wind Farm near Hyden received development approval in November 2022.

In April 2018, Synergy partnered with Dutch Infrastructure Fund (DIF) and Construction and Building Unions Superannuation (CBUS) to create Bright Energy Investments (BEI).



Synergy Renewable Energy Developments Pty Ltd (SynergyRED), a wholly-owned subsidiary of Synergy, provides asset management services to BEI facilities and corporate support services to the BEI group of companies. It also provides development services (both renewable and storage) to Synergy, BEI and Synergy's contestable customers.

Synergy holds a 19.9 percent interest in BEI. BEI operating facilities include the Greenough River Solar Farm (40 MW), the Albany Grasmere Wind Farm (35.4 MW) and the Warradarge Wind Farm (180 MW).

## Operational

**Renewables:** 255.4 MW

**Storage:** 100 MW/200 MWh  
by the end of financial year 2022-23

**Albany Wind Farm:** 35.4 MW

**Warradarge Wind Farm:** Up to 108 MW

**Greenough River Solar Farm:** 40 MW

**Kwinana Big Battery (KBESS1):** 100 MW/200 MWh  
Energised in April 2023

## In development

**Renewables:** 230 MW

**Storage:** 700 MW/2,800 MWh

**King Rocks Wind Farm:** Up to 150 MW  
Delivery in second half 2025

**Warrdarge Wind Farm:** Up to 90 MW  
Delivery in second half 2025

**Kwinana Big Battery 2 (KBESS2):** 200 MW/800 MWh  
Delivery in 2024

**Collie Big Battery (CBESS):** 500 MW/2,000 MWh  
Delivery in 2025





## We are leading the charge in WA

Synergy is proud to say that Western Australia's first utility-scale transmission-connected battery project has been energised, after commencing site works in November 2021.

The Kwinana Battery Energy Storage System (KBESS1) facility will provide 100 MW of energy capacity and 200 MWh of energy storage to the South West Interconnected System.

In addition to this, a second Kwinana Battery Energy Storage System (KBESS2) facility and a Collie Battery Energy Storage System (CBESS) facility were announced in April 2023.

The batteries will make our electricity system more secure and facilitate the continued uptake of renewables. The battery storage units will achieve this by soaking up excess solar energy during the day, discharging energy in the evenings to offset the loss of solar generation at sunset, and using the ability to charge and discharge large amounts of energy rapidly to help dampen fluctuations in renewable electricity supply caused by clouds and wind.

The KBESS1 project delivers, in part, on our corporate strategy to build storage assets to replace coal-fired power stations.

The past year has seen more than 2,700 m<sup>3</sup> of concrete foundations poured, over 70 km of electrical cable laid, and more than 5,500 tonnes of hi-tech equipment installed at the KBESS1 site.



The KBESS1 facility is a first-of-its-kind in the Wholesale Energy Market. In collaboration with national regulator Australian Energy Market Operator (AEMO), our delivery partners Western Power, New Horizons Australia and subcontractor Genus Industrial Services, KBESS1 has helped pave the way for future storage projects by building local Western Australian knowledge and capability in large-scale battery storage systems.

With the connection to the grid and the facility substation now energised, the KBESS1 project has commenced commissioning and testing, progressively charging and discharging larger portions of the battery to ensure it meets all technical and regulatory requirements. The facility is forecast to be fully operational and trading in the market early in financial year 2023-24.

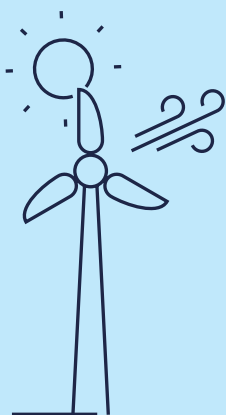
We are also building a second battery next to KBESS1 at Kwinana Power Station. This second battery, KBESS2, will be able to charge and discharge energy at a rate of 200 MW with 800 MWh of energy storage, four times the size of KBESS1.

In addition to the Kwinana batteries, we are also developing CBESS. The Collie battery will be the biggest government owned battery in Australia and will provide 500 MW for up to four hours.

The batteries mark significant progress towards our strategic objective of building 1,100 MW of energy storage by 2030.

As part of our community engagement, Synergy organises monthly tours to showcase the KBESS1 facility to interested stakeholders.





## We are creating wind projects for the future

King Rocks Wind Farm received development approval in November 2022 and will be built near Hyden in the Wheatbelt.

The development approval is for up to 30 wind turbines and 150 MW capacity, with the final size to be determined by network studies. The project is expecting to install some of the largest turbines in Australia, each with a capacity of up to 7 MW, with up to 150m tall towers and 90m long blades.

The wind farm is named after King Rocks, a large granite formation just a few kilometres south of the site.

King Rocks Wind Farm will help Synergy meet its strategic ambitions to retire our coal-fired power stations and reduce carbon emissions by 80 percent by 2030.

Synergy aims to start construction in late 2023 and it is anticipated that the wind farm will be producing green energy in the SWIS by mid to late 2025.

The 3,075 hectare site was selected due to its proximity to Western Power's 132KV transmission line and abundant overnight wind.

### Studies undertaken included:

Noise impact assessment

Flora and fauna survey

Visual impact assessment

Aboriginal heritage desktop assessment and on Country survey

Traffic and transport assessment

Bushfire desktop assessment

Electromagnetic Interference (EMI) and shadow flicker assessments

Aviation impact assessment

Environmental impact assessment

Throughout the development process, SynergyRED has consulted with the Shire of Kondinin, landowners and neighbours.



# The WA Electric Vehicle (EV) Network

Synergy and Horizon Power are working with the State Government to create Australia's longest EV charging network.

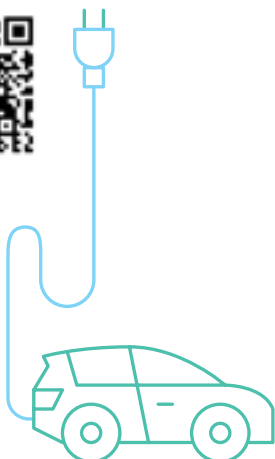
Announced in August 2021, the Western Australian EV Network project will deliver a network of 98 EV fast charging stations across 49 locations in Western Australia.

The Western Australian EV Network will extend from Kununurra in the north, to Esperance in the south and east to Eucla.

As of 1 July 2023, Western Australian EV owners have spent over 14 days charging their EVs on the Western Australian EV Network. This has saved 6.63 tonnes of carbon dioxide emissions.

The initiative is part of the State Government's Electric Vehicle Action Plan. It aims to boost EV uptake in Western Australia and will help reach the target of net-zero carbon emissions by 2050.

To find out more about the Western Australian EV Network scan the QR code.



“There will be no more than 200 kilometres between each charger, reducing range anxiety and allowing electric vehicle owners to explore our amazing State.”

**The Hon. Bill Johnston MLA**  
Energy Minister



**KPI**  
Deliver Storage  
Projects and  
Increase DER Under  
Management



## We are building storage in our community

A Virtual Power Plant (VPP) organises and aggregates selected distributed energy resources (DER) to generate and store electricity at a local level.

A VPP can bring together rooftop solar systems, batteries, electric vehicles and smart appliances, larger generation systems (installed at commercial and industrial facilities) and even community-scale batteries, which are shared across an area.

### **Synergy has a number of VPP projects in our community:**

Project Symphony

Synergy's School Virtual Power Plants

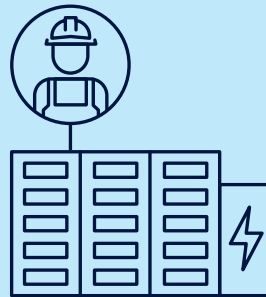
Alkimos Beach community battery

### **Project Symphony**

In the face of a rapidly changing energy industry, our customers' rooftop solar systems, batteries, air conditioning and electric hot water systems when orchestrated together can help keep the power system stable and enable more renewable energy on the grid.

As of July 2023, 341 customers and their 690 assets are recruited to participate in Western Australia's largest VPP.

Project Symphony is an exciting and innovative project, which aims to explore how VPPs could contribute to a sustainable, affordable and reliable energy future for Western Australia.



Project Symphony is a collaboration between Synergy, Western Power and the AEMO with support from Energy Policy Western Australia. The project has also received funding from the Australian Renewable Energy Agency (ARENA) as part of its Advancing Renewables Program. It combines the energy sources of DER and orchestrates them to smooth out the supply and demand for electricity.

In 2022, Project Symphony aggregated its first package of residentially generated electricity and successfully participated in a simulated two-way Wholesale Electricity Market.

The project entered its full stability period, 'test-and-learn', in April 2023, with all commissioned assets now being orchestrated as a VPP to test the ability for DER to participate in future energy markets alongside traditional power systems.

Synergy has delivered several knowledge sharing reports via work packages – WP 2.1 DER Services Report, WP 2.3 DER Valuation Report, WP 4 Platform and Non-Functional requirements and WP 3.2 Aggregator Report, which are published on ARENA's website.

ARENA will publish the final report on Project Symphony's outcomes in late 2023.

## KPI

Deliver Storage  
Projects and  
Increase DER Under  
Management



## Synergy's School Virtual Power Plants

Synergy works with the State Government and the Department of Education to create opportunities to transform schools into smart and flexible VPPs to optimise renewable energy sources. In 2022, we expanded the program to regional Western Australia.

### Seven regional schools are now participating:

Geraldton - Senior High School

Geraldton - Champion Bay Senior High School

Geraldton - Waggrakine Primary School

Kalgoorlie - O'Connor Primary School

Kalgoorlie - Hannans Primary School

Kalgoorlie - Kalgoorlie Primary School

Kalbarri - Kalbarri District School

Installation and commissioning of all schools is aimed to be completed by early 2024.

## Alkimos Beach community battery

The Alkimos Beach community battery was identified as an asset that could be used to support the grid when the Alkimos Beach Energy Storage Trial ended in May 2021.

Our Synergy's School VPPs and Alkimos Beach community battery assets were activated for three hours between 5-8 pm on 20 February 2023. This was the first time they were activated by AEMO to contribute to supporting the summer peak demand. We are pleased to report that the batteries were successful at supplying energy to the market.





# Our customers

Customers are at the heart of everything we do. Synergy constantly explores new opportunities to support our customers.



Residential customers

1,069,970

Business customers

104,618

We have 31 products available to suit our customers' needs

31

Customers subscribed to paperless billing

785,119

Customers registered for My Account

631,535

Customers with installed distributed energy resources

424,713

Customers on advanced metering infrastructure (AMI) vs 307,997 customers on a basic meter

520,881

Customers registered for supply guarantee as they have eligible medical equipment

3,554

Installed capacity based on residential rooftop solar inverter sizes

1,775,658 kW



# Tariffs

The Western Australian Government regulates electricity prices in line with the Energy Operators (Electricity Retail Corporation Charges) By-laws 2006. Changes to electricity tariffs, fees and charges are considered by the Western Australian Government annually as part of the State Budget process. The below tariffs are for the financial year 2023-24.

## Synergy Home Plan® (A1) tariff

Designed for customers that wish to have one flat rate all day.

Supply charge 110.4600 cents per day

Electricity charge 30.8120 cents per unit

## Home Business Plan® (K1) tariff

Designed for home businesses where electricity is used for both living and working.

Supply charge 194.9200 cents per day

Electricity charge - first 20 units per day 32.1886 cents per unit

Electricity charge - next 20 - 1,650 units per day 30.3335 cents per unit

Electricity charge - more than 1,650 units per day 34.1999 cents per unit

All tariffs are correct 1 July 2023





# Synergy's products and services

Through Synergy's unique offering of products and services, we aim to support our customers to manage their energy needs.

## Household Electricity Credit

On 11 May 2022, the State Government announced that eligible Western Australian households would receive a payment to ease cost of living pressures. The payments were delivered through Synergy and credited to customers accounts in financial year 2022-23.

## Community Energy

Community Energy is a new residential tariff offering the first 10 units kilowatt hours (kWh) of electricity at zero charge between 9am and 3pm each day during the super off peak time period.

The product is designed to support more vulnerable customers and is available to those on a hardship program or identified as experiencing financial hardship.

This tariff is intended to share the benefits of distributed energy resources (DER), while also incentivising consumption behaviour that helps address low load risks.

Community Energy is only available to residential customers who do not have a DER system (this includes solar, battery and/or EV) installed at the premises in which they reside.

This product was designed for customers as an affordable alternative to solar power. We are also trying to drive customer behavioural change by incentivising usage in the middle of the day.

When used to its full potential, customers may be able to save between \$200 to \$500 a year on the Community Energy tariff.

As of July 2023, there were 475 customers on the product with 253 of these customers on the Case Management Program.



## Midday Saver

Midday Saver is a time-of-use tariff that offers a super off peak rate of just 8.2 cents kWh between 9am and 3pm and a 51.25 cents kWh peak rate between 3pm and 9pm. This tariff is designed to incentivise customers who can shift their energy consumption away from peak times.

Midday Saver launched in July 2022 with a campaign aimed at customers who we identified as financially benefiting from the tariff with no change of behaviour.

As of July 2023, 6,421 customers have taken up the product.

Usage patterns show that on average customers are moving two units of consumption from peak to super off peak. Customer savings to date are almost \$200,000 with 75 percent of customers so far seeing a benefit.

Trends indicate that customers adapt as they become aware of time of use benefits and start to shift their behaviour within two months. The third month is typically when customers' start to save.

## Electric Vehicle Add On

Designed to support customers to charge EVs during the overnight or super off peak time periods.

Supply charge 123.0000 cents per day

Peak electricity charge 51.2500 cents per unit

Super Off Peak electricity charge 8.2000 cents per unit

Overnight electricity charge 18.4500 cents per unit

Off Peak electricity charge 22.5500 cents per unit

## Support for those in hardship

Synergy is committed to supporting our community through a range of specialised hardship services.

The Case Management program provides tailored hardship assistance options to customers experiencing severe financial difficulty and is made up of specially trained case managers who work one-on-one with customers.

Customers make payments based on their capacity to pay and Synergy works with them to reduce their energy consumption in tandem with paying down any debt they may have.

In the financial year 2022-23, Synergy's case management team supported 7,091 customers in hardship. This is an increase of 88 percent on the financial year 2021-22, due to an additional ten case managers joining the Synergy team in April 2022. The team are forecast to support 7,800 customers in the coming 2023-24 financial year.

## Smart Energy for Social Housing

Eligible public housing tenants will have a Synergy-owned and maintained rooftop solar system installed on their rental property and access to Synergy's Future Communities Plan, which offers a discounted rate for electricity consumed during off peak times (9am to 3pm).

As of end of June 2023, 281 customers are on our Smart Energy for Social Housing program with installations complete. The analysis suggests customers are saving on average eight percent on their energy bills



KPI  
Deliver  
Profitable Green  
Energy To Large  
Contestable  
And Industrial  
Customers



## We are enabling local government to transition to lower net carbon emissions

In April 2022, Synergy and Western Australia Local Government Association (WALGA) began a three-year energy partnership with an aim to help reduce Western Australia's carbon emissions.

The partnership provides 48 Western Australian local councils with the ability to purchase renewable energy offsets for up to 100 percent of their contestable electricity consumption and represents one of the largest energy procurement initiatives in Australia with local government.

WALGA commenced development of the partnership in 2020 with an aim to aggregate the local government sector's energy spend through the establishment of a renewable energy buying group.

Under the partnership all renewable energy offsets will be supplied from within Western Australia, with Synergy's sourcing the electricity supply from Collgar, Emu Downs, Warradarge and the Albany Grasmere Wind Farms.

This partnership is the result of extensive local government consultation and supports our transition to a renewable future.

Synergy is in discussions with WALGA for consideration of future renewable energy-based supply arrangement options that could apply beyond 2025.





## We are helping households that are vulnerable to financial hardship

The Household Energy Efficiency Scheme (HEES) is designed to support households facing financial hardship by addressing energy efficiency, a key factor that contributes to high energy bills. The program is being delivered by Synergy and Horizon Power in partnership with non-government organisations and Energy Policy Western Australia.

HEES assists households on lower incomes to reduce their energy costs through provision of free home energy audits, energy education and coaching. This includes removing barriers to accessing energy efficient appliances for some households.

An initial pilot found participants were able to make changes to their homes and lifestyles that resulted in energy savings.

The HEES program aims to support 9,000 Western Australian households in hardship by June 2025.

167 Synergy customers in financial hardship participated in the pilot receiving HEES services delivered by Anglicare Western Australia on behalf of Financial Wellbeing Collective





# Social and community impact

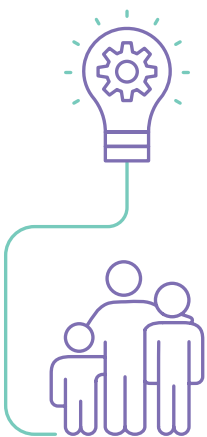






# Social and community impact

Through its commitment to workplace diversity and safety, community investment and an objective of 80 percent emissions reduction by 2030, Synergy is ensuring a better Western Australia for generations to come.





# Our environment

Synergy has created an Environment Strategic Plan for the financial years 2022-25. Synergy is committed to achieving an 80 percent reduction in carbon emissions by 2030 and net-zero by 2050.

**The plan outlines three main pillars:**



**Protect:**

Care for the environment

Meeting our customers' environmental expectations, delivering environmentally sustainable assets, and communication of environmental performance.



**Remediate:**

Respect and restore our land

Creating sustainable solutions for waste, remediating the land we have impacted and managing contamination liability.



**Inspire:**

Net-zero by 2050

Understanding the pathway to net-zero, creating new opportunities for communities, and remaining transparent with all reporting.



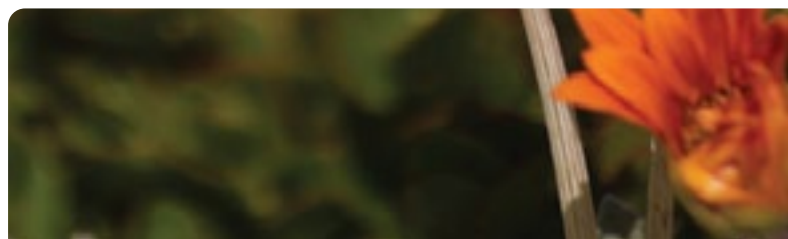
## Environmental highlights

Recycling is a simple way to minimise waste and lessen the impact to the environment. Many of the products we use can be recycled into new materials and products. By giving these materials a second life, we minimise reliance on landfills and the use of non-renewable resources.

### Synergy is supporting the reusing of by-products

Fly and bottom ash are a generation by-product created through the combustion of coal to generate electricity.

Synergy uses fly ash concrete wherever possible in all projects. In 2022, Synergy reused 173 cubic metres of fly ash concrete.



## Helmets and aerosol cans recycled at Muja Power Station

In early 2023, Synergy's Muja Power Station safety team performed its biennial change out of safety helmets from all Synergy operators on site. Approximately 250 helmets were processed in our helmet recycling bin.

In 2022, Muja Power Station also implemented aerosol can recycling.

## Bricks saved from landfill at the Kwinana Rehabilitation Project

In 2022, Synergy's Kwinana Rehabilitation Project team saved an estimated half a million bricks from going to landfill. The bricks from the demolished Kwinana Administration Building were crushed and used as fill.

Fill is a clean stabilised material used to 'fill' a hole or trench. Synergy used the recycled bricks to fill demolished cable tunnels to enable large excavators to safely drive over the tunnels.

## Reuse and recycling in focus during Muja Power Station decommissioning activities

Muja Power Station is focused on the reuse and recycling of scrap metal and power station equipment when undertaking decommissioning activities. Decommissioning activities help prepare for power station closure and our goal of net-zero carbon emissions by 2050.

### As of 1 July 2023:

67 power station and equipment items have been approved for reuse

590 tonnes of scrap metal have been recycled

95 kl of transformer and turbine hydrocarbons have been recycled

## Cans and bottles make change for Synergy Spirit

Synergy's Kwinana Power Station and Cockburn Power Station sites collect cans and bottles for recycling which are then exchanged for 10 cents per can/bottle at the Containers for Change centres.

This money is then donated to our Synergy Spirit program.

## Best practice used to protect the environment at the Kwinana Rehabilitation Project

Synergy's contractors and employees at the Kwinana Rehabilitation Project site are using best practice to ensure we do not cause harm to the site.

In financial year 2022-23, Synergy undertook the following actions to help ensure we protect the site and its surrounds:

### Bagged the ends of hydraulic hoses on machinery and equipment when not in use

Bagging the hoses prevents slow leaks onto the ground

### Phased bio-hydraulic oil into excavators

This vegetable oil-based product is more suitable for use in environmentally sensitive areas than that of mineral oil based

### Blocked stormwater drains to protect the canals

As most drains at the site serve as stormwater drains, those which are within the catchment of the current demolition works have been blocked at the drain to ensure no contaminated water reaches the Cockburn Sound

### Provided temporary power for contractors

This helps avoid diesel generators running for long periods of time





## Environmental audit

In 2022 Synergy conducted an environmental audit for our financial year 2022-23 annual internal audit plan.

Synergy engaged KPMG to support our in-house internal audit team. The previous environmental management audit was completed in 2021.

The audit focused on compliance with the conditions of licences for Muja Power Station and Pinjar Power Station sites only.

Synergy owns and operates State-critical energy infrastructure and must demonstrate compliance with State and Federal environmental legislation.

Across all seven environmental compliance-related licences for both sites, the audit identified no instances of non-compliance with specific licence conditions. Furthermore, no significant control deficiencies were observed based upon the risk-based sample testing performed. One low-risk control design finding was identified in relation to changes to environment licences and compliance registers.

Overall, the audit indicated an improved control environment.

Environmental Improvement Plans are being finalised to drive continuous improvement in the environmental space.

In 2022-23 there were four reportable environmental licence incidents that occurred which are outlined in Table 1. The learnings we have applied from these incidents will help to further improve our environmental performance.



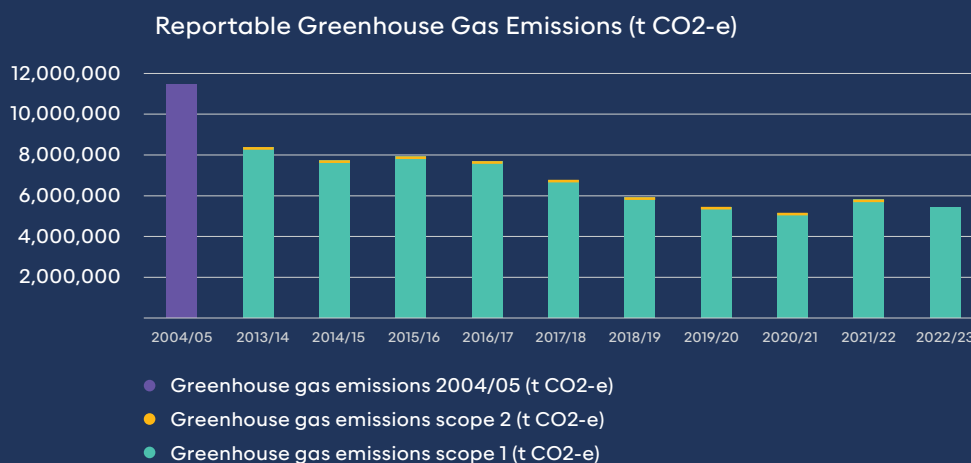
Table 1.  
Environmental licence breaches

Date	Location	Incident details	Reporting
September 2022	Kwinana Power Station	HDPE liner detachment in overflow pond	Department of Water & Environmental Regulation
January and February 2023	Kwinana Power Station	The total residual chlorine analyser did not meet licence requirement for continuous monitoring equipment availability (95%) on three occasions	Department of Water & Environmental Regulation
August 2022	Collie Power Station	Exceeded Oxides of nitrogen (NOx) limit of 800mg/m <sup>3</sup> , on four occasions	Department of Water & Environmental Regulation
July 2022	Muja Power Station	A release of surface water, clay and silt material from the site occurred, from the external clay windrow along the northern wall of the fly ash dam	Department of Water & Environmental Regulation

Table 2.  
Water abstraction

Groundwater abstraction licence	Muja Power Station	Kwinana Power Station	Pinjar Gas Turbine Station
Allocation	12,000,000 kL	1,000,000 kL	10,000 kL
Actual use	2,896 ML	158,427 kL	2,340 kL

\*Synergy/Muja has an annual water allocation based on reporting period which is the calendar year (January - December).



# Our health and safety

At Synergy, the health, safety and wellbeing of our people is our priority.

In financial year 2022-23, there was an increase of 32.4 percent in the significant incident frequency rate to 2.78 per million hours worked and an increase in the recordable injury frequency rate (RIFR) to 4.94 per million hours worked in financial year 2022-23.

**Note:** modified duties injuries and noise induced hearing loss were additions in Synergy's RIFR calculations from October 2022.

How many safety incidents Synergy had in financial year 2022-23

16



Categories of Synergy safety incidents

- Modified Duties Injury (8)
- Medical Treatment Injury (6)
- Loss Time Injury (1)
- Noise Induced Hearing Loss (1)



Synergy has continued to review and amend its health, safety and management systems and processes to align with the *Work Health and Safety Act 2020* and accompanying regulations, which came into effect on 31 March 2022.

These regulations provided an opportunity for us to continue to upskill our understanding of work health and safety across the business.

Synergy's Learning Academy, in partnership with our Health, Safety and Environment team, launched a new learning series called 'Make it Safe, Make it Personal, Make it Home'.



The series comprises of three modules which focus on the following:

**Make it Safe** - fundamentals of hazards and risk management

**Make it Personal** - psychosocial hazard and risks and the importance of creating mentally healthy workplaces

**Make it Home** - Synergy's critical risks and how to conduct risk assessments in the workplace

From when the series launched in December 2022 to July 2023, we have delivered the following.

**Make it Safe** - 40 sessions with 636 people

**Make it Personal** - 46 sessions with 652 people

**Make it Home** - launching in early September 2023

This equates to 4,508 hours that Synergy employees have spent on this new safety training.







## We are fostering diversity at Synergy

Synergy recognises the importance of building a diverse, equitable and inclusive workplace.

We aim to be an exceptional place to work and a place where our employees can be their best in a physically and psychologically safe and healthy environment.

An exciting part of our diversity, equity and inclusion commitment are our employment initiatives to recruit and develop candidates with a diverse lived experience. These programs have been running since 2020 and have resulted in some fantastic outcomes.

### All abilities employment

Synergy partners with Perth based Disability Employment Service provider and NDIS provider, EDGE Employment Solutions, which specialises in the placement and support of candidates with disability into the workplace.

Through Synergy's partnership with EDGE, we have 11 employees who have an identified disability.

Candidates placed by EDGE are supported by a Synergy mentor and an EDGE job coach on an as-needed basis.

### Aboriginal and Torres Strait Islander employment program

Synergy is committed to reconciliation and is working to improve engagement with Aboriginal and Torres Strait Islander people and communities.

As of 1 July 2023, Synergy is awaiting Reconciliation Australia endorsement of our Innovate Reconciliation Action plan (RAP).

We created the position of Senior Aboriginal Engagement Advisor in 2022. This advisor supports the delivery of our RAP commitments and increase sustainable employment outcomes for Aboriginal and Torres Strait Islander candidates across the business.

In early 2022, we partnered with South Metropolitan TAFE to offer several Aboriginal and Torres Strait Islander candidates traineeship employment pathways. We have hired five Aboriginal and Torres Strait Islander candidates in various roles across our organisation. Supervisors of these employees also received specialised Aboriginal cultural training.

The unique insights that these Aboriginal and Torres Strait Islander employees have brought to the organisation have been invaluable.

### Gender equity at Synergy

Synergy has a gender reference group, which ensures that gender equity issues are tabled and progressed. This group has been influential in making in-roads for women in the recruitment space.

Synergy applies a language filter on all job advertisements, making sure there is no gender bias. Recruitment shortlists have an equal number of men and women wherever possible, and our recruitment panels are gender balanced.

Creating opportunities to empower and support women at Synergy highlights our priority and ongoing commitment to diversity and gender equality and is critical to creating an exceptional place to work.





## Gender balance in senior roles

We have targets to increase the gender balance in more senior roles. We are aiming for women making up 45 percent of all senior roles (we are currently at 42 percent).

Our corporate key performance indicator target is 40 percent of women in senior leadership roles. We are currently at 34.9 percent. Our executive general manager team has a gender balance of 50 percent, providing diversity from the top.

## Leadership programs to support careers and our executive leaders

We have nationally accredited leadership programs that have been designed to support Synergy employees to become better leaders.

All leadership programs use Synergy's newly revised leadership competencies as a foundation to elevating purposeful leadership at Synergy.

Elevate is our 18-month program for aspiring leaders. Employees graduate this program with a Certificate IV in Leadership and Management. As of July 2023, 20 employees are undertaking the program.

Ascend is our two-year program for people leaders. Employees graduate this program with a Diploma in Leadership and Management. As of July 2023, 18 employees are undertaking the program.

We also have leadership programs that have been designed to develop our executive and senior leadership team. The leadership programs create accountable leaders and demonstrate that leadership is a priority at Synergy.

## Leadership programs for women

We have created a bespoke suite of leadership programs for women at Synergy.

### CARE for team members

CARE is a career navigation program for Synergy women employees who are looking to explore their career priorities. As of July 2023, 16 employees have graduated from the program and 12 are continuing. A specialised Muja Power Station based program has commenced with 16 participants.

### Women Rising program

The Women Rising program is a holistic personal and professional development journey designed for women. 32 Synergy employees have had the opportunity to participate in the Women Rising program.

Leadership support for both the CARE and Women Rising programs are embedded in their design, with sponsors assigned for CARE and an aligned managers program undertaken for Women Rising.





KPI

Workforce Of The  
Future, Increase  
Organisational  
Diversity and Highly  
Engaged Workforce



## We are developing future energy professionals

We are supporting the next generation of energy industry professionals to help us to lead Western Australia's transition to an intelligent energy future.

Synergy has been recognised as the 18th top graduate employer Australia-wide for 2023\*.

Synergy runs a successful graduate program that fosters and develops new talent and creates employment opportunities in the energy sector.

The graduate program is part of our commitment to science, technology, engineering, and maths (STEM) learning.

### Our graduate program excels as it:

Gives our graduates the opportunity to rotate through various areas of the business

Provides opportunities for graduates to undertake public speaking opportunities, which includes end-of-year graduate presentations

Facilitates workshops that help to develop key energy industry skills

Provides graduates with mentors who assist them to navigate the workforce

Through Synergy's graduate program, graduates receive the training necessary to build skills to succeed in the industry and support our growth as a dynamic energy provider of the future.

### Our graduates have worked on a variety of projects including:

Working with real-time event stream and telemetry data

Discovering how to write code that processes and manages large amounts of data to deliver key insights to stakeholders and perform calculations rapidly and at scale

Developing relationships with our external suppliers and vendors through a procurement lens and a project lens. This included conversing with our vendors, liaising with them about their expired insurances and communicating with third-party installers while on our sites to commission assets for Project Symphony

2023 is the fourth year of the graduate program and we continue to build on our successes.

### In 2023:

Synergy welcomed 10 new graduates

Synergy achieved a new benchmark for our highly successful graduate program following top-35 rankings in 2021 and 2022

\* by [topgraduateemployers.com](https://topgraduateemployers.com)



## SOCIAL AND COMMUNITY IMPACT

KPI  
Highly Engaged  
Workforce and  
Workforce Of The  
Future



# We are preparing our people for future opportunities

On 5 August 2019, when the Western Australia Premier announced the planned closure of Muja Power Station Stage C, Synergy embarked on a journey to bring to life Synergy's Workforce Transition program.

We had a simple premise for our transition journey, to empower our people to shape their own future so no-one is left behind.

We recognise that everyone has different circumstances and we have adopted a people-first, co-creation approach to our transition. This inclusive approach allows everyone to have a voice and be involved in making decisions, not only about their own individual plans, but also in the design of the transition program, and the future structure and operating model of Muja Power Station.

During our Workforce Transition program we are focused on the fact that future planning needs to involve the whole community, transition plans need to be tailored to employees (rather than a 'one size fits all' approach), and we recognise that State Government support is critical for a successful transition.

So far during Synergy's transition:

**370 individual transition plans have been developed (covering 270 Synergy employees and 100 long-term contractors)**

Through this process each person is working towards one of four transition pathways: continuing at Muja Power Station, redeployment to other Synergy sites, a new career outside the organisation, or transitioning to retirement

**More than 40 people are part of our transition team, helping to implement our Workforce Transition plan**

The team is responsible for developing an onsite transition centre, an online information portal, co-creating our future operating model and designing new ways of working based on two-unit operations beyond 2024

**20 employees on our transition training committee**

They are directly involved in the design, implementation and communications of Muja C transition training and transition support programs for our employees and contractors

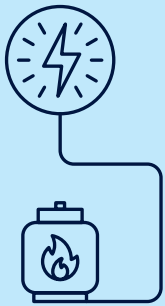
**74 transition courses and support programs have been activated; engaging 22 different registered training organisations**

**More than 900 courses have been completed by Muja Power Station employees and contractors**

Muja Power Station Unit 5 was retired safely on 29 September 2022, after more than 40 years in operation

We have now reset our transition program and are focused on activities for the upcoming retirement of Unit 6, planned for late 2024, by continuing our people-first, co-creation approach

Synergy was proud to be part of the 2022 Western Australia Training Awards, with Muja Power Station's Workforce Transition program recognised as a finalist in the prestigious awards



## We are transitioning Pinjar Power Station operations

In March 2023, some dispatch activities and the majority of unit operations at Pinjar Power Station were transitioned from Australian Energy Market Operator (AEMO) operators to Synergy Gas Turbine Operators.

This move, which was required by the Wholesale Energy Market reforms, marked a significant change in the way Pinjar Power Station operates. It has resulted in AEMO transitioning knowledge of the unit's operation and monitoring to Synergy, while providing valuable hands-on interactions with the gas turbine units for Synergy operators.

Synergy employees now manage and execute a number of operational and dispatch tasks for the Pinjar gas turbine units, in collaboration with AEMO.

As part of the changes, new communications protocols have been implemented at Pinjar Power Station. These protocols ensure that communications relating to unit control, outages, maintenance, and operations will go via the control room. This is vital to ensure the safety of people and the units.

We are excited about the future of gas turbine generation at Pinjar and the role that Synergy employees will play in ensuring its continued success.

By working together and embracing change, we believe we can achieve great things and make a positive impact in the lives of our customers and the community.



# Our people

Synergy is committed to providing an exceptional place to work, where people are engaged, enthusiastic, have opportunities to learn and grow, and experience a sense of belonging, whilst being invested in a shared purpose to positively contribute to leading Western Australians to their intelligent energy future.

## Peer recognition

Peer recognition is a core part of Synergy's people-first approach and is well entrenched in every part of our organisation. Our internal platform enables individual and team recognition for achievements and contributions against shared values and focus areas. There is a clear link between peer recognition, engagement, and overall organisational performance.



Synergy's executive team has a gender balance of 50%, providing diversity from the top

50%

Synergy is ranked 18th as a graduate employer of choice Australia wide in 2023\*

18th

Synergy renegotiated two enterprise agreements in financial year 2022-23 which helped provide certainty for over 600 people

600

Synergy has 11 employees with an identified disability

11

4,508 hours were spent on safety training through our 'Make it Safe, Make it Personal, Make it Home' program

4,508

Five Aboriginal and Torres Strait Islander traineeship employment pathways were started in financial year 2022-23

5



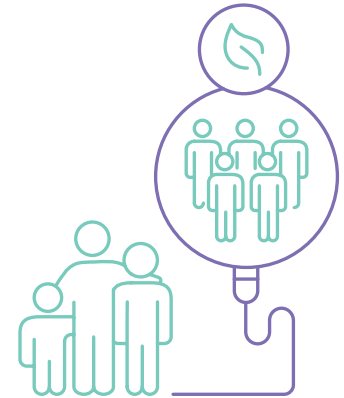
\* by topgraduateemployers.com

# Our community

Synergy is making a positive contribution to society, our people, the economy, the environment, local communities and stakeholders through our evolved corporate strategy and the addition of our social value pillar. This will be the legacy we leave behind for future generations.

## Community investment

Our Community Investment Program is guided by **four key themes**.



### Inclusivity and empowerment

Addressing disadvantage and inequity so everyone can participate in work and society

#### We support

Vulnerable customers and people experiencing hardship

Aboriginal economic participation

Gender equity

Disability inclusion



### Environment for the future

Contribute to initiatives that protect and care for the environment and respect and rehabilitate the land

#### We support

Protecting and improving biodiversity

Native flora and fauna recovery and protection

Protecting our marine environment

Waste avoidance, reduction and reuse



### Committed to community

Supporting the sustainable development of vibrant communities impacted by the energy transition

#### We support

Social inclusion and belonging

Arts and culture

Emergency relief

Mental and physical health



### Energy leadership

Fostering innovation, ideas and skills to drive our intelligent energy future

#### We support

Enabling greater electrification

STEM education

Innovation

Energy efficiency

# Highlights

## Volunteering

358 - the total number of hours volunteered in financial year 2022-23

\$54,574 - total dollar value donated to the following charities through our employee-driven Synergy Spirit fundraising program

## Community Giving Fund

Through our Community Giving Fund, we support programs and initiatives that drive sustainable outcomes for people, communities, and the environment.

8 organisations supported

Almost \$70,000 given

## Collie Small Grants and community sponsorships

7 community groups supported through Collie Small Grants Program

15 groups, schools and events benefited from community investment in Collie

## Synergy Schools Solar Challenge event 2023

The 2023 Synergy Schools Solar Challenge offered a unique opportunity for Western Australian students to learn race solar cars and learn about solar energy, battery technology and engineering principles.

Total schools: 130

Total students: 676

Total distance travelled on solar (not including battery powered races): 12.2km

Total number of events: 8







## We are supporting our community

### Synergy Spirit

Donations have a significant impact on the services charitable organisations can offer the community. Whether they are animal welfare agencies, disaster recovery organisations or charities supporting people in hardship, Synergy's employees are eager to do what they can to help.

Synergy Spirit raises money for charity and helps partner our people with local volunteering opportunities. It is driven by a committee of enthusiastic volunteers. Everyone in Synergy is welcome to get involved, by making regular donations through payroll deduction or attending a fundraising activity. Every two financial years, employees have the opportunity to elect charities to support.

### Ruah Tree of Light

In 2022, Synergy established a new community partnership with Ruah Community Services, for the Ruah Tree of Light, which recognised our support for vulnerable customers and people experiencing hardship.

Ruah is a Western Australia-based independent, not-for-profit community service organisation that has delivered tailored, wrap-around support services for more than 60 years to people experiencing homelessness, family and domestic violence, and mental health challenges.

The Ruah Tree of Light, powered by Synergy Christmas appeal, helped fund the critical services Ruah provides to more than 30,000 Western Australians each year.

In 2022, we contributed \$20,000 to the Ruah Tree of Light and the Christmas campaign raised an additional \$15,700, with 28,000 people reached through Synergy's various communications channels.

Through the combined reach of the Christmas campaigns of Ruah and Synergy, we were able to help raise awareness and reduce the stigma associated with those experiencing homelessness, family and domestic violence and mental health challenges.



## Community Giving Fund

We recognise and value the diversity of the communities we partner with and are committed to inclusion, fairness, and participation for all.

In 2022, as part of our Community Investment Program we launched our Community Giving Fund.

Through our Community Giving Fund, we support programs and initiatives that drive sustainable outcomes for people, communities and the environment.

We award grants of up to \$10,000 through the program for initiatives that aim to make a positive impact on people and the environment in the South West Interconnected System.

In 2022, we had over 71 applications and awarded almost \$70,000 to community organisations, charities and not-for-profits, who make positive impact on the communities in which we operate.

Our grant recipients must have a shared commitment to inclusion, fairness and participation for all community members.

### Our grant beneficiaries have included:

Culturally and Linguistically Diverse (CALD) women

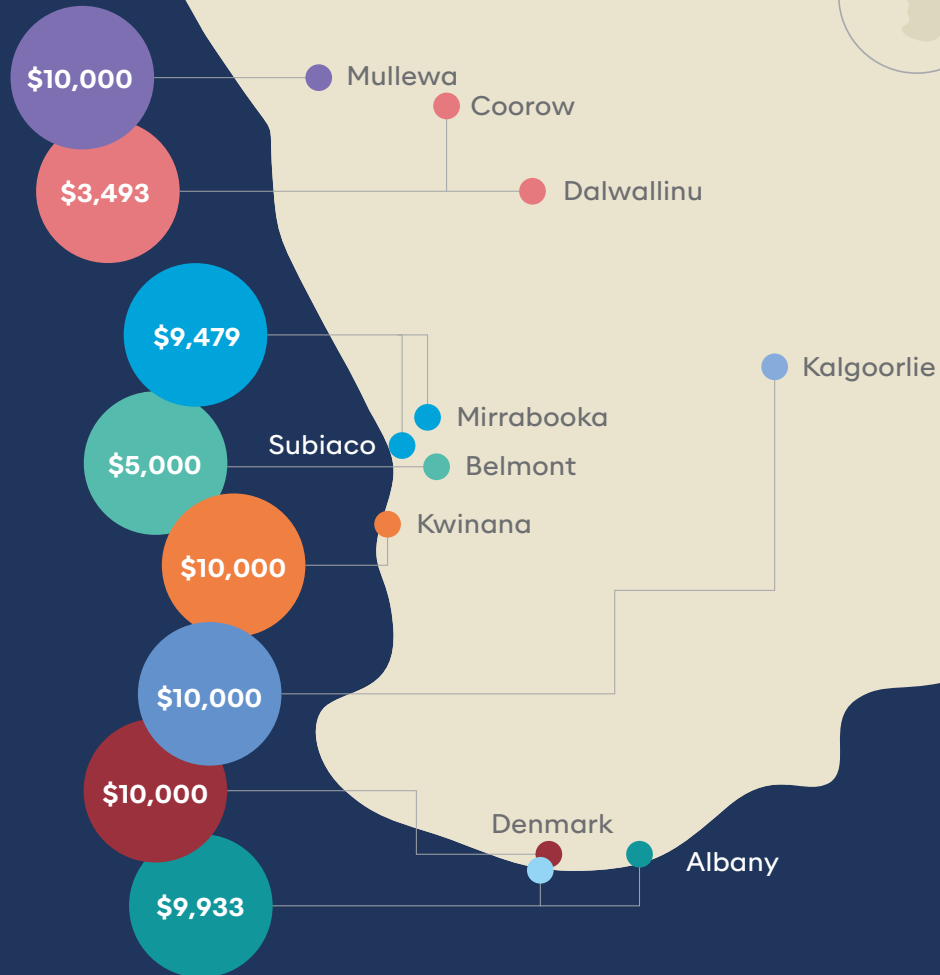
Economically disadvantaged people

People with disabilities

At-risk youth

Aboriginal and/or Torres Strait Islander peoples

People working for animals and the natural environment



## Our 2022 Community Giving Fund recipients

- **\$9,933** - Ocean Heroes
- **\$3,493** - Bluebush Wildlife Rescue and Rehabilitation
- **\$5,000** - Jacaranda Community Centre
- **\$10,000** - Denmark Environment Centre
- **\$10,000** - OzHarvest
- **\$10,000** - Dismantle
- **\$9,479** - Dress for Success Perth
- **\$10,000** - Finlayson House Women's Refuge





## Ocean Heroes

To help purchase stand up paddle boards enabling people on the autism spectrum, in the Great Southern, to build confidence through surfing.

## Bluebush Wildlife Rescue and Rehabilitation

To help purchase first responder critical care equipment including egg incubator, chick brooder and brooder ICU for injured wildlife to ensure they get back to the rescue centre safely.

## Jacaranda Community Centre

To support the Community Empowerment Art Yarning Circle for Aboriginal women, that facilitates the creation of art works such as painting and ceramics, while providing a forum to discuss social issues affecting the Aboriginal community.

## Dress for Success Perth

To support a pilot project with Ishar Multicultural Women's Health Services, to empower culturally and linguistically diverse women towards employment and financial independence with professional clothes, interview training, and a range of corporate and personal skills and access to a cultural advisor.

## OzHarvest

To help deliver the hot breakfast and food relief outreach program with Frank Konecny Community Centre. The program supports people experiencing homelessness and those at risk, including rough sleepers, people in transitional accommodation and other vulnerable community members.

## Dismantle

To help deliver BikeRescue program Mellewa Youth Centre, which provides mentoring and bicycle repair training for young participants in the area.

## Denmark Environment Centre Incorporated

To support the Denmark Bio Blitz citizen science program at Mount Hallowell Reserve, to collect data on the biodiversity of the area.

## Finlayson House Women's Refuge

To contribute to building an additional 10 sole occupancy units which will increase accommodation capacity at the Goldfields Women's Refuge, Finlayson House for women, children and families affected by domestic violence in the area.



## We are committed to building energy education



Synergy is pleased to be supporting Western Australian students in science, technology, engineering, and maths (STEM) learning, and helping to make a positive contribution to our future generations and the local communities in which we operate.

For six years, Synergy has partnered with Science Teachers Association of Western Australia to engage and educate the next generation of Western Australians on the benefits of renewable energy.

The Synergy Schools Solar Challenge offers a unique opportunity for young minds to build STEM skills and knowledge by learning about solar energy, battery technology and engineering principles.

### Event locations

Metro north – Hillarys

Metro south - Martin

Albany

Bunbury

Collie

Geraldton

Kalgoorlie

Grand final- Murdoch University

Burrendah Primary School and Kingsway Christian College were the winners of our Synergy Schools Solar Challenge in 2023.

The Challenge was held in Albany, Bunbury, Collie, Geraldton, Kalgoorlie and at two Perth metropolitan locations.

During the Challenge, 690 year 6 and year 8 students from more than 130 Perth metropolitan and regional schools, designed and built their own solar-powered cars, to race against teams from other schools.

The sun didn't want to shine in Geraldton, Kalgoorlie and Albany on race day, but the students still got to participate, as the solar cars were equipped with batteries which could be switched on if there is insufficient solar power. Just like our energy transition plan, storage and batteries are essential to enable greater take up of renewable energy.

Total distance travelled on solar power across the whole 2023 Schools Solar Challenge was 12.2km, which is just over 30 laps of a standard Olympic stadium, powered by the sun and our students' science and engineering skills.

We hope to inspire and educate our future energy leaders through the Challenge to support a more sustainable future for all Western Australians.

In addition to Synergy Schools Solar Challenge, we also had a Synergy Team Solar Challenge in February 2023 for our employees.

To find out more about the Synergy Schools Solar Challenge, **scan the QR code above.**



## SOCIAL AND COMMUNITY IMPACT

### KPI

Improved Social  
Wellbeing And  
Impact In The Areas  
We Operate



## We are in partnership with the arts

We are helping to bring world-class multi-arts experiences to regional Western Australians as a Supporting Partner of Perth Festival's 2023 and 2024 Touring Western Australia programs.

This partnership is part of our commitment to inclusivity and empowerment of our regional communities.

Our support of the 2023 Touring Western Australia program included a writers' engagement session at Beverley Station Arts Centre and performances of 'Happy Meal' in Geraldton and Bunbury during January and February, as well as an inclusive transport option for regional LGBTQI audiences when the 'Happy Meal Buses' connected audiences from Margaret River and Manjimup to Bunbury Regional Entertainment Centre for the show.

The partnership helps us engage with communities across the State and ensures that arts are accessible for all people, wherever they may live. In 2023, Touring Western Australia reached almost 2,500 people through the program.

Photo: Happy Meal - Perth Festival  
Regional Touring Program; BREC; 2023  
Photographer: Angelyne Wolf



Perth Festival is delighted to be starting this partnership with Synergy, which will empower us to better connect regional communities with our international arts program through Touring Western Australia.

As with Synergy, Perth Festival belongs to all Western Australians, we are grateful for Synergy's support and excited by the opportunities that our partnership will provide to our regions."

**Nathan Bennett**

Perth Festival's Executive Director





KPI  
Improved Social  
Wellbeing And  
Impact In The Areas  
We Operate



## We are supporting Collie

It is our role to support the development of communities in which we operate. An important community for Synergy is Collie, Western Australia.

The Collie community has been on an energy transition journey for a few years now and as part of its economic diversification plans has evolved into a thriving tourism hub. We are supporting this evolution through a range of community investment and engagement initiatives to help create sustainable outcomes for the community as it heads into the future.

Synergy's Collie Small Grants Program provides one-off grants of up to \$5,000 to local not-for-profit organisations which demonstrate their ability to deliver social, economic or environmental benefits to the Collie community.

The program has a proven track record of driving growth, innovation and value to the Collie region. Through the program, we support initiatives that will provide a lasting benefit to the community, with an ultimate goal of enhancing Collie as a place to both live and visit.

Social value is a key pillar of our corporate strategy, and the Collie Small Grants Program demonstrates one of the ways we are positively contributing to Collie, for the benefit of future generations.

We maintained our supportive presence in the Collie community during financial year 2022-23, through our substantial commitment to the Just Transition Working Group and by participating in a range of local forums and meetings which enabled us to effectively engage with the community and stakeholders.

Synergy is a major partner of both the Collie Art Prize, the Collie River Mountain Bike Marathon and the Collie Labour Day Festival as we continue to support the region and community.

The Collie Art Prize is one of the largest regional art prizes in Australia. In 2023, Fremantle artist, Jo Darvall, won with her piece 'Boranup Forest Light' and two Collie artists were finalists.

The Collie Labour Day Festival highlights the richness of Collie and its natural surroundings, making it a drawcard for visitors and local residents. Synergy hosted a community engagement stall at the festival where people had the opportunity to learn more about electricity and our Workforce Transition program. The festival and art prize provided opportunities for the local community to come together while fostering positive social and economic benefits for Collie.

We also supported the Kaya Collie 125-year celebrations with a \$10,000 contribution. Kaya Collie was derived from one of the four focus areas of the community's Just Transition Plan ('Celebrating Collie's History and Promoting its Future'). The celebrations featured a program of events that showcased the community.

Synergy is proud to sponsor and continues to take part in these community events and engage with residents and visitors.



## Small grants

**Collie Volunteer Bush Fire Brigades** – to install mobile communications units to fire appliances to supply back-up for volunteers when radio communications fail

**HorsePower Collie** – to buy a wheelchair horse carriage, enabling people with a disability or physical decline to experience the benefits of outdoor horse-riding

**Collie Retired Mineworkers Association Inc** – to create the Memorial Wall Mural Project in Phoenix Park by renowned artist Jacob 'Shakey' Butler, celebrating Collie's history and adding to Collie's existing mural trail

**Collie Racing Drivers Association Inc** – to replace a 51-year-old water tank at Collie Speedway, improving environmental infrastructure to save costs and conserve water

**Collie Suicide Prevention Network** – to purchase equipment to attend community events, supporting the wellbeing of the Collie community by raising awareness and providing support and information to people experiencing mental health issues or at risk of suicide

**Collie Rail Heritage Group Inc** - to upgrade lighting at the Rolling Stock Shed, enhancing the tourist attraction's displays and improving workshop safety

**Collie BMX Club Inc** - to upgrade PA system, enhancing track commentary and the family-friendly sporting atmosphere, and enable a reduction of volunteers required on race day

## Collie community investment and sponsorships:

Collie School Scholarship Program

Collie Christmas Hamper Campaign - in kind support

Collie Apprentice of the Year Awards

Collie Education Training Alliance

Collie Show

Collie River Mountain Bike Challenge

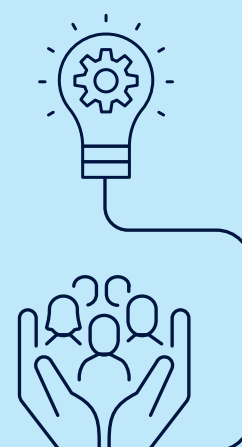
Collie Seniors Christmas Event

Kaya Collie 125<sup>th</sup> celebrations

Collie Labour Day Festival

Collie Art Prize

Collie Chamber of Commerce and Industry small business recognition awards









# Directors' Report

## Corporate governance

Electricity Generation and Retail Corporation, trading as Synergy, is a WA Government Trading Enterprise (GTE) established under the *Electricity Corporations Act 2005* and governed by the *Government Trading Enterprises Act 2023*, which specify its powers, functions and operational restrictions.

As a GTE, Synergy is not listed on the Australian Securities Exchange (ASX) but in the financial year 2022-23 sought to comply with the ASX principles of corporate governance and recommendations, to the extent applicable and consistent with the requirements of the *Electricity Corporations Act 2005* and the *Government Trading Enterprises Act 2023*.

Synergy's core values of innovation, accountability, collaboration and trust guide the actions and behaviours of all its employees.

### Board of Directors

The directors of Electricity Generation and Retail Corporation trading as Synergy, at any time during or since the end of the 2022-23 financial year, are as follows:



## Michelle Shepherd

Chair since May 2023

Independent,  
non-executive,  
B.Econ, B.Comm,  
GAICD

Ms Shepherd has over 20 years' experience in both the private and public sectors of Australia's electricity and gas markets. Ms Shepherd was formerly a Commissioner at the Australian Energy Market Commission. Prior to becoming a Commissioner in 2018, Ms Shepherd spent over 15 years working on national energy reform and strategy at Alinta Energy and AGL. Ms Shepherd has also worked for the Australian Competition and Consumer Commission, UK Competition Commission and the Commonwealth Department of Finance. She is a Graduate of the AICD and holds a Bachelor of Applied Economics from Murdoch University and a Bachelor of Commerce from Curtin University.

### Committee membership

Chair of the Human Resources and Sustainability Committee (appointed May 2023)



## Yasmin Broughton

Director since November 2017  
Deputy Chair since May 2023

Independent,  
non-executive,  
BComm PG Dip Law,  
FAICD

Ms Broughton is a corporate lawyer with significant experience working as both a director and senior executive in a diverse range of industries, including electricity and gas, and was previously the acting general counsel and company secretary of Alinta Limited, a former ASX 50 company. Ms Broughton is the chair of VOC Group Limited, a non-executive director of Wright Prospecting Pty Ltd, The Royal Automobile Club of WA (Inc), RAC Insurance Pty Ltd and Greatland Gold plc. Ms Broughton is also an advisory council member for the Curtin University School of Business. In the not-for-profit sector, Ms Broughton is Chair of Presbyterian Ladies College Foundation.

### Committee membership

Chair of the Audit and Risk Committee (since October 2022, member since 2017). Member of the Human Resources and Sustainability Committee (to 21 March 2023)



## Rob Bransby

Director since July 2015

Independent,  
non-executive,  
A.Fin, FAIM

Mr Bransby is the chair of Australian Health Insurance Alliance, Commonwealth Private Bank Ltd, Commonwealth Financial Planning Ltd, Financial Wisdom Limited and the Insurance Commission. He is a former managing director of HBF Health Limited and a former director of HealthGuard Health Benefits Pty Ltd, HBF Insurance Pty Ltd and Pioneer Credit Ltd. Prior to HBF, Mr Bransby held various executive positions throughout 25 years at the National Australia Bank Ltd.

### Committee membership

Member of the Human Resources and Sustainability Committee.



## Peter Clough

Director since November 2019

Independent,  
non-executive,  
BCE

Mr Clough has over 30 years' of experience in the energy and resources sectors. He was most recently the general manager of government affairs at Woodside Petroleum, during his career he has provided consulting services to a number of Western Australia's biggest firms including Alcoa, BHP Billiton, Santos and Telstra. Following his early career working for the Western Australian Government primarily in resources development, he became the executive officer of government affairs at the Chamber of Minerals and Energy WA, and later the general secretary of that industry association. He has also served as the deputy chairman of commissioners at the City of Joondalup.

### Committee membership

Member of the Audit and Risk Committee (to 1 September 2023)  
Member of the Human Resources and Sustainability Committee (since 30 May 2023).



## Denise McComish

Director since May 2023

Independent,  
non-executive,  
FCA, HonD.Bus,  
MAICD

Ms McComish is a highly experienced accounting and audit professional with extensive experience across the energy and natural resources, financial services and infrastructure sectors. She was a partner with KPMG for 30 years and held leadership positions as a KPMG Australian board member and as National Mining Leader. She is currently a director of Webjet Limited, Gold Road Resources Ltd, Macmahon Holdings Ltd and mental health organisation Beyond Blue Ltd. She has been a member of the Australian Takeovers Panel since 2013, is chair of the Advisory Board for the School of Business and Law at Edith Cowan University, and is a member of Chief Executive Women and the AICD.

### Committee membership

Member of the Audit and Risk Committee  
(since 1 September 2023).



## Richard Watson

Director since May 2019

Ex Officio,  
B.Econs (Hons),  
M.Phil

Mr Watson is currently the Assistant Under Treasurer, Agency Budgeting and Governance for the Western Australian Department of Treasury. He currently leads a team of 70 professionals who provide advice and analysis on the budgeting needs of WA's government trading enterprises and around 60 general government agencies.

### Committee membership

Member of the Audit and Risk Committee

## Previous Directors

### Robert Cole

Chair from November 2017 to May 2023 (independent, non-executive).

### Bronwyn Barnes

Director from May 2019 to December 2022  
(independent, non-executive).

### Kim Horne

Director from October 2014, Deputy Chair from July 2015 to May 2023 (independent, non-executive).

### Michele Dolin

Director from October 2014 to October 2022  
(independent, non-executive).

## Company Secretary

In February 2023, Ms Pippa Marando was appointed Company Secretary and General Counsel of Synergy to replace Ms Melanie Brown (now Executive General Manager Trading & Governance). The Company Secretary and General Counsel role includes management of secretariat, legal, and corporate governance areas of the business.

The Company Secretary is responsible for ensuring that board procedures are complied with and governance matters are addressed. All directors have access to the Company Secretary's advice and services.



## Corporate governance checklist

While Synergy is not a listed company on the ASX and is not subject to ASX listing rules, during the 2022-23 financial year it sought to comply with the ASX corporate governance principles and recommendations (ASX principles), where relevant and appropriate.

Table 1:  
Summary of ASX principles and notes

### Principle 1: Lay solid foundations for management Recommendation

1.1	Have and disclose a board charter setting out: (a) the board and management respective roles and responsibilities; and (b) matters reserved to the board and delegated to management.	Y
1.2	Undertake appropriate checks before proposing and appointing a director or senior executive and provide security holders with all relevant information relevant to a decision.	Y and N/A
1.3	Have a written agreement with each director and senior executive setting out the terms of their appointment.	Y
1.4	The company secretary should be accountable directly to the board on matters regarding the proper functioning of the board.	Y
1.5	Have a diversity policy with measurable objectives, assess it annually and disclose the policy and progress towards objectives.	N
1.6	Have a process for periodically evaluating the performance of the board, its committees, and individual directors, and disclose whether the process was periodically undertaken.	Y
1.7	Have a process for evaluating senior executive performance at least once every reporting period and disclose whether a performance evaluation was undertaken in the reporting period.	Y

### Principle 2: Structure the board to add value Recommendation

2.1	A board should have a nomination committee of at least three members, mostly independent and chaired by an independent director, and disclose the charter, members' names, and committee meetings.	N/A
2.2	Have and disclose a board's skills matrix.	N
2.3	Disclose the names of independent directors, interests, position, or relationship and length of service.	Y
2.4	A majority of the board should be independent directors.	Y
2.5	The chair of the board should be an independent director and not the same person as the CEO.	Y
2.6	Provide an induction program for new directors and provide professional development opportunities and skills and knowledge periodically.	Y

**Principle 3:**  
**Act ethically and responsibly**  
**Recommendation**

3.1	Disclose and articulate its values.	Y
3.2	Have and disclose a code of conduct for its directors, senior executives and ensure that the board or committee is informed of any material breaches of that code.	Y
3.3	Have and disclose a whistleblower policy and ensure that the board or a committee is informed of any material incidents reported under that policy.	N
3.4	Have and disclose an anti-bribery and corruption policy and ensure that the board or a committee is informed of any material breaches of that policy.	N

**Principle 4:**  
**Safeguard integrity in corporate reporting**  
**Recommendation**

4.1	Have an audit committee and disclose its charter and members' qualifications and experience, as well as meeting attendances.	Y
4.2	Prior to board approval, the CEO and CFO should declare financial statements have been properly maintained and comply with appropriate accounting standards.	Y
4.3	Disclose its process to verify the integrity of any periodic corporate report that is not audited or reviewed by an external auditor.	N/A

**Principle 5:**  
**Make timely and balance disclosure**  
**Recommendation**

5.1	Have and disclose a written policy for complying with its continuous disclosure obligations under Listing Rule 3.1.	N/A
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	N/A
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials.	N/A

**Principle 6:**  
**Respect the rights of security holders**  
**Recommendation**

6.1	Provide information about itself and its governance to investors via its website.	Y
6.2	Have an investor relations program to facilitate effective two-way communication with investors.	N/A
6.3	Disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	N/A
6.4	Ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	N/A
6.5	Give security holders the option to receive communications from, and send communications to the entity and its security registry electronically.	N/A

**Principle 7:**  
**Recognise and manage risk**  
**Recommendation**

7.1	Have a committee which oversees risk, and the charter, members and meetings held by the committee should be disclosed.	Y
7.2	The board or a committee should review its risk management framework at least annually and disclose whether such a review has occurred. It should also ensure the entity is operating with due regard to the risk appetite set by the board.	Y
7.3	Disclose its internal audit function, how the function is structured and what role it performs.	Y
7.4	Disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	Y

**Principle 8:**  
**Remunerate fairly and responsibly**  
**Recommendation**

8.1	Have a remuneration committee and disclose the charter, members and number of meetings held.	Y
8.2	Separately disclose its policies and practices regarding the remuneration of non-executive and executive directors and senior executives.	Y
8.3	Make certain disclosures about any equity-based remuneration scheme.	N/A

**Principle 9:**  
**Additional recommendations that apply only in certain cases**  
**Recommendation**

9.1	A listed entity with a director who does not speak the language should disclose the processes it has in place to ensure the director understands and contributes to discussions and is aware of their obligations.	N/A
9.2	A listed entity outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	N/A
9.3	A listed entity established outside Australia, and holds an AGM, should ensure that is external auditor attends and is available to answer queries from security holders.	N/A



**Notes:**

Disclosure under the corporate governance principles is consistent with Synergy's obligations under the Act. The following notes are relevant to Synergy's decision not to comply with the ASX Corporate Governance Principles and Recommendations as outlined in Table 1.

**1.2** Synergy does undertake appropriate checks before proposing and appointing a director (see note 2.1) or senior executive. The second part of recommendation 1.2, however, has no relevance to Synergy as the corporation does not have security holders.

**1.5** Synergy has a diversity policy and outlines its diversity commitment on page 80. Synergy has an inclusion and diversity strategy and a disability access inclusion plan and can be found on our website [www.synergy.net.au](http://www.synergy.net.au)

**2.1** The corporation has not established a nomination committee. As required by the Act, persons are appointed to the board of Synergy by the Minister for Energy. Where a vacancy occurs in the membership of the board, the board may recommend a candidate to the Minister. The board ensures that any candidate nominated to the Minister has an appropriate balance of skills, knowledge, experience, independence, and diversity to enable the board to discharge its duties and responsibilities effectively.

**2.2** See Note 2.1

**3.3** See page 83 'Code of Conduct' to learn more about Synergy's speaking up standard, public interest disclosure and whistleblower procedures.

**3.4** See page 83 'Code of Conduct' to learn more about Synergy's speaking up standard and fraud and corruption control measures.

**4.3** Has no relevance to Synergy as the corporation is not a publicly listed company and is not required to release to the market any periodic corporate reporting.

**5.1-5.3** Has no relevance to Synergy as the corporation is not a publicly listed company and therefore not bound by the ASX listing rules.

**6.2-6.5** Has no relevance to Synergy as it does not have investors.

**8.3** Has no relevance to Synergy as it does not have an equity-based remuneration scheme.

**9.1** Has no relevance to Synergy as all members of the board speak and understand English.

**9.2-9.3** Has no relevance to Synergy as it not established outside Australia.

## Roles and responsibilities of board and management

As a statutory corporation, the respective duties and responsibilities of Synergy's board and executive officers are substantially set out in the Act. The board of directors is Synergy's governing body and responsible to the Minister for Energy for its performance. Subject to the Act, the board has the authority to perform the functions, determine policies and control the affairs of Synergy. Its central role is to set Synergy's strategic direction and to oversee its management and commercial activities. In addition to matters required by law to be approved by the board, a board charter (available on Synergy's website) details its role, power, duties and function. The following matters are reserved for the board:

## Strategy

(a) Approving and guiding management in the development of Synergy's annual strategic development plan and statement of corporate intent (SCI), known as the statement of expectations and annual performance statement from the 2024 reporting year.

(b) Providing input into and final approval of management's development of corporate strategy and performance objectives.

(c) Further developing planning processes, including Synergy's strategic plan.

(d) Monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available.

## Governance and oversight of management

- (a) Appointing and removing the CEO, including approving remuneration and conditions of service of the CEO and remuneration policy and succession plans for the CEO.
- (b) Appointing and, where appropriate, removing the company secretary or company secretaries.
- (c) Approving the appointment or removal of a member of staff as an executive officer.
- (d) Noting any material change to the role of the senior executive.
- (e) Noting succession plans for senior executives.
- (f) Approving performance objectives for the CEO and monitoring performance against those objectives.
- (g) Approving measurable objectives for achieving gender diversity and Synergy's progress in achieving those objectives.
- (h) Approving material changes to board level policies.
- (i) Approving Synergy's remuneration framework and annual budgeted remuneration increases.
- (j) Approving incentive plans, including the design and implementation of incentive schemes, if any.

## Stakeholders

Monitoring and overseeing Synergy's stakeholder relationship strategy and its implementation.

## Board membership, committees and performance

- (a) Consulting with the Minister in relation to the appointment of any person as a director of Synergy in accordance with the Act.
- (b) Reviewing the process for evaluating the performance of the board, its committees and directors.
- (c) Handling any other matters for which the board is responsible under the Synergy committee charters.

## Oversight of financial, operational and capital management

- (a) Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures.
- (b) Approving operating budgets and monitoring financial performance against the approved budget.
- (c) Approving annual financial accounts and reports, including the director's report.

## Compliance and risk management

- (a) Ensuring Synergy complies with all requirements under the Act and applicable laws, including compliance with duties and obligations under work, health and safety (WHS) laws.
- (b) Monitoring the effectiveness of risk management by reviewing and approving the Synergy risk management framework and risk appetite statement.
- (c) Reviewing and approving, at least annually, Synergy's top material risks (including WHS risks).
- (d) Monitoring internal compliance and control, including with respect to the code of conduct and legal compliance.
- (e) Approving and monitoring the effectiveness of Synergy's system of corporate governance practices.

The responsibility for the management of Synergy's day-to-day operations is delegated to the CEO, who is accountable to the board. The purpose of Synergy's executive officers is to assist the CEO in the overall leadership and oversight of Synergy's business and operations.

## Inclusion and Diversity

Synergy is committed to its vision of being a preferred and trusted supplier of energy, innovative products and services, and being an employer of choice. Synergy embraces workforce diversity and inclusion as a source of strength. This is not only about visible differences in the workforce, but more importantly about recognising the strategic advantage that comes from incorporating a wide variety of capabilities, ideas and insights in its decision-making, problem solving, policy development and service delivery.

Synergy believes that to continually improve its business performance, and to achieve its strategic objectives, it needs to harness the ideas and abilities of all our people and create an environment that enables superior service delivery. Synergy recognises that varied backgrounds and experiences contribute to new perspectives and fresh ideas, and we are committed to creating a workplace in which differences are valued and respected. Synergy facilitates this by:

(a) Treating all employees, prospective employees, contractors, consultants and suppliers fairly and equitably regardless of their gender, age, sexuality, culture/ethnicity, language and religious beliefs, and regardless of any disability or flexible workplace practices.

(b) Fostering an inclusive and diverse working environment by promoting an organisational culture that values respect, inclusiveness and diversity and by developing and offering working arrangements that help meet the needs of an inclusive workforce.

(c) Proactively promoting and advancing equality and equity through improved employment and career development opportunities for women;

(d) Driving strategies and a commitment to target, retain and create development opportunities to disadvantaged groups in order to successfully attract and retain a diverse workforce.

(e) Supporting leaders to recruit, engage and develop career pathways for Aboriginal and Torres Strait Islander employees;

(f) Supporting leaders to recruit, engage and develop career pathways for employees with disability;

(g) Providing awareness in all staff of their rights and responsibilities with regards to equity, integrity and respect for aspects of diversity;

(h) Embedding inclusion and diversity in our corporate strategy and ways of work by implementing diversity strategies and seizing opportunities and market opportunities to achieve our diversity goals and objectives.

(i) Developing management systems, policies and procedures that lift inclusion and diversity performance; and

(j) Measuring, reporting on and effectively communicating strategies, initiatives and progress to promote inclusion and diversity across the organisation.

The CEO has overall accountability for the implementation of this policy. The board approves measurable objectives for achieving diversity in our organisation as set out in Synergy's Inclusion and Diversity strategy.

## Performance evaluation

The Human Resources and Sustainability Committee is responsible for reviewing and making recommendations to the board on matters pertaining to board performance and capability including; in consultation with the board chair, the process for evaluating the performance of the board, its committees and directors. The board is then responsible for reviewing that process.

In December 2022, Synergy engaged the services of an external facilitator to evaluate board performance, individual directors and the Chairman, the scope of work included consideration of the structure, role and responsibilities of the board and its committees; the skills, experience and participation of directors; and the conduct of board meetings and deliberations.

The board also reviewed the performance of each of its committees against the committee charters.

## Board composition

In accordance with *Government Trading Enterprises Act 2023*, the board must comprise not less than five and not more than nine directors appointed by the Governor of Western Australia on the nomination of the Minister. Currently, three of Synergy's six directors are female.



## Director independence, conflicts of interest and length of service

The board charter outlines the criteria to be considered in assessing director independence. These criteria are based on the premise that a director must be independent of management and free of any business or other relationship that could materially interfere, or could reasonably be perceived to interfere, with the exercise of the director's unfettered and independent judgement. Directors must keep the board advised on an ongoing basis of any interest that could potentially conflict with Synergy's interests. In July 2019, Synergy adopted a conflicts of interest guideline for directors. Under the Act, a director holds office for such period, not exceeding three years, as is specified in the instrument of his or her appointment and is eligible for re-appointment. Periods of appointment are structured to ensure approximately one third of directors retire each year. Table 2 sets out the details of each director including their length of service.

Table 2: Details of directors

Name of Director	Length of service
Michelle Shepherd	Chair and Director - May 2023
Rob Bransby	Director - July 2015
Yasmin Broughton	Director - November 2017 Deputy Chair - May 2023
Peter Clough	Director - November 2019
Denise McComish	Director - May 2023
Richard Watson	Director - May 2019
Robert Cole	Chairman and Director - November 2017 Retired - May 2023
Kim Horne	Director - October 2014 Deputy Chair - July 2015 Retired - May 2023
Bronwyn Barnes	Director - May 2019 Retired - December 2022
Michele Dolin	Director - October 2014 Deceased - October 2022

## Code of conduct

Synergy's Code of Conduct (the Code) sets out standards for appropriate ethical and professional behaviour for Synergy staff. Staff includes directors and employees; whether permanent, temporary, part-time, full-time, fixed-term contract or casual and contractors engaged to provide services to Synergy. The Code sets out the fundamental values that form the basis of and underpin Synergy's business relationships. All staff are all responsible for ensuring their behaviour reflects the standards within the Code.

Managers and the executive have a special responsibility to support staff in achieving these standards through leading by example and raising awareness of the Code. Managers and the executive also have a duty to investigate and act accordingly where allegations of breaches of the Code are raised or suspected. The board has an oversight responsibility to ensure that management establishes and maintains proper frameworks, systems and processes to enable the effective implementation of the objectives underlying the Code.

It is every staff member's responsibility to report any breach of the Code or any matter of serious concern. It is mandatory that any breach involving fraud, corruption, collusion, dishonesty, maladministration or misuse of Synergy funds, assets or information (including the suppression of information) be reported immediately. Any breach of the Code may be grounds for disciplinary action to be taken, up to and including termination of employment. Matters involving potential criminal conduct may be reported to the relevant authority.

Synergy is committed to promoting a culture of speaking up and has a speaking up standard and framework, and strengthened controls on reporting. The speaking up standard details a number of different options available for staff to raise concerns including informal, formal and anonymous pathways as well as detailing external bodies with which issues may be raised.

Over the 2022-23 financial year, there were 22 alleged breaches of the Code of Conduct. Eight were substantiated and found to be breaches of the Code of Conduct and two resulted in termination and six warnings were issued. Two allegations were reported to the Public Sector Commission and Corruption and Crime Commission in accordance with Synergy's reporting obligations.

## Audit and Risk Committee

The purpose of the Audit and Risk Committee is to assist the board to fulfil its corporate governance oversight responsibilities relating to financial reporting, legal and regulatory requirements, risk management and internal control, compliance and audit.

Synergy's website includes a link to the charter that governs the Audit and Risk Committee. The members of the Audit and Risk Committee and individual attendances at the committee meetings during the reporting period are set out in table 4.

## Risk management

Risk management is a fundamental activity at Synergy, with risk management integrated into major business processes and there is engagement at all levels within the organisation to minimise risks in all activities. Engagement is further facilitated by real time access to risk information through the Audit, Risk and Compliance Enterprise Management System (Empower).

Synergy operates an enterprise-wide risk management system which provides a standardised and consistent process for the identification and management of material risk in accordance with Synergy's risk management policy and framework. Synergy has a 'three lines of defence' model of risk governance and management that sets out the roles and responsibilities for effective and efficient risk management. Risks are assessed using a consequence-likelihood matrix, and the materiality of risk is dependent on an inherent risk rating. Every material risk is assigned to an appropriate risk owner. Material risks are reviewed annually by the risk owner and to the board Audit and Risk Committee.

The Audit and Risk Committee and the board are responsible for overseeing and approving the risk management policy, framework and risk appetite statement, and for ensuring that management has developed and implemented an effective and integrated risk management system.

Management at all levels has responsibility for managing risk in their area of control. Support is provided by Synergy's risk function to ensure the framework and risk appetite are consistently and effectively applied.

## Key performance indicators

Synergy manages its day-to-day performance through the use of a wide range of operational key performance indicators. The measures and targets for these operational key performance indicators for 2022-23 were set out in Synergy's Statement of Corporate Intent (SCI) and are as detailed in table 3.

Table 3:  
Key performance indicators against SCI

Financial performance	2022-23 SCI targets	2022-23 result
Earnings before interest, depreciation, amortisation and tax (EBITDA) (\$ million)*	\$178.1	\$71.6
EBITDA margin (%)	4.9%	2.1%
Net profit after tax (NPAT) margin (%)	1.7%	(0.2%)
<b>Employee safety</b>		
Safety recordable injury frequency rate**	5.0	4.9
<b>Aboriginal and Torres Strait Islander businesses</b>		
Synergy to award 3.5% of all contracts and purchase orders over \$50,000 to Aboriginal and Torres Strait Islander Businesses	3.5%	3.98%
<b>Scope 1 Emissions</b>		
A reduction in Synergy's Scope 1 emissions of at least 50% as compared to 2005 levels.	50%	53.16%
<b>Regulatory compliance</b>		
Zero material regulatory breaches***	Nil	1.0
<b>Customer service</b>		
Customer Effort Score	68.2%	70.1%

\*  
Underlying EBITDA excludes the impacts arising from provisions for onerous contracts \$773.7 million, other expenses related to the Customer Offset for Synergy Compliance Breach \$30.0 million, the reversal of impairment of non-current assets \$77.1 million and share of profit from joint ventures of \$0.3 million.

\*\*  
Revised target of 5.0 following adjustment of methodology to include modified duties injuries and noise induced hearing loss.

\*\*\*  
Refers to legislative compliance requirements that could result in a material regulatory breach. During the financial year, the Electricity Review Board made final orders in relation to the proceedings commenced by the Economic Regulation Authority (ERA) against Synergy with respect to conduct in 2016 to 2017. A settlement was reached between the parties.

## Review of operations

To avoid duplication of content, please refer to the front section of this Annual Report, including the 'CEO's report', for information on the operations and financial position of Synergy, and its business strategies.

To avoid duplication of content, please refer to "Our environment" in the front section of this Annual Report for details of Synergy's performance in relation to significant environmental regulation.



## Synergy's operating results

For the year ended 30 June 2023:

(a) Synergy's statutory loss before tax was \$732.6 million compared to a loss of \$429.2 million for 2021-22. The results include one-off charges or benefits associated with:

(i) provision for onerous contracts of \$773.7 million where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits received under the contract;

(ii) other expenses of \$30.0 million related to the Customer Offset for Synergy Compliance Breach;

(iii) reversal of impairment of non-current assets of \$77.1 million due to changes in the fair value of the underlying assets; and

(iv) share of profit from joint ventures of \$0.3 million.

Excluding the above one-off charges or benefits, the loss before tax was \$6.3 million.

(b) No dividends have been declared in relation to the current year.

## Principal activities

In line with the requirements of the *Electricity Corporations Act (2005)* 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 – responsibility 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 – responsibility for the wholesale trading of electricity and gas. Wholesale manages the dispatch of Synergy's generation fleet and independent power producer contracts, as well as fuel contracts. Wholesale buys electricity and related products, and sells to retail and wholesale market participants under ring-fenced arrangements.

(c) Retail – carries out the retail operations of Synergy, involving the pricing, sale and marketing of electricity and gas to end-user customers in the SWIS. Underpinning the core functional roles fulfilled by the business are the remaining corporate support functions which undertake a large range of activities designed to ensure that the optimal level of service provision is delivered for the benefit of the overall business.

(d) Shared services operations – undertakes the functions of corporate planning, strategy and transformation, organisational development, finance, legal, people management, environment, health and safety, information technology and management, regulatory and compliance.

Other than as set out in the front section of this Annual Report, there have been no significant changes to the nature of Synergy's principal activities, or in Synergy's state of affairs, during the financial year.

## State Records Act 2000

Synergy has an approved record keeping plan consistent with *State Records Act 2000* and the State Records Commission standards. Consistent with Synergy's approach to continuous records management improvement and governance, the following improvement initiatives during 2022/23:

- Reviewed, updated and received State Government approval of its revised record keeping plan. (The plan also proposes a number of records management improvements for 2022-23).
- Delivered training and awareness sessions on the OpenText document management system (DM) guiding how to utilise system functionality to improve business efficiency and records governance.
- Provided recordkeeping training to 1,450 new or existing staff to ensure staff understand roles and responsibilities regarding records governance. (All staff are required to complete mandatory recordkeeping training when they join Synergy and undertake annual refresher training).
- Facilitated, via the information management team, 2,100 requests for records management advice and supported more than 650,000

documents being updated or registered in DM.

- Finalised the transition to a new offsite storage provider with improved archived file access across generation sites and head office.
- Developed enterprise-controlled document workflows to automate key document review and approval processes and improve retention and disposal management.
- Developed enhanced DM security model including self-service access tools to support business efficiency and accurate records access.
- Developed a State Records Act 2000 control register consistent with ISO 37301-2021.
- Participated in the State Government's Information Management Framework Working Group supporting the development of the Western Australian Framework.
- Participated on the State Government's Privacy and Responsible Sharing Steering Committee and Working Group in preparation of forthcoming Western Australian privacy and

data sharing laws.

- Deleted large volumes of historical customer personal information that was no longer required for business purposes in accordance with the retention and disposal plan.

## Effectiveness of Synergy's Training and Induction Programs

Synergy employees undertake mandatory online record keeping training at induction and then yearly by way of refresher training. Synergy is currently reviewing and revising its record-keeping training programs to ensure employees understand their record keeping roles and responsibilities, not only in relation to the DM, but in relation to all business systems that store data and information. Regular DM usage reports and, Annual survey data, will be used to measure training effectiveness. Training programs will be revised as necessary.

Table 4:  
Directors, committee membership and directors' attendance at meetings during the reporting period.

	Board		human resources and sustainability committee		Audit and risk committee	
	A	B	A	B	A	B
Michelle Shepherd	2	2	1	1	-	-
Denise McComish	2	2	-	-	-	-
Rob Bransby	10	11	4	4	1*	-
Yasmin Broughton	9	11	1	3	5	5
Peter Clough	11	11	2*	-	5	5
Richard Watson	10	11	-	-	4	5
Robert Cole**	8	9	3*	-	4	4
Kim Horne**	9	9	4	4	1*	-
Bronwyn Barnes**	5	6	2	2	1*	-
Michele Dolin**	3	3	2	2	-	-

A – number of meetings attended.

B – number of meetings eligible to attend at the time the director held office during the year.

\* Attendance in an ex-officio/observer capacity

\*\*Ceased acting as a director during the year

## Internal audit function

Synergy has an independent, in-house internal audit team which is supplemented by external professional services firms. The independence and role of the internal audit function is governed by the Synergy internal audit charter which is approved by the Audit and Risk Committee. The head of internal audit has direct access to the Audit and Risk Committee members if required.

The internal audit function is an integral component of Synergy's governance process. Its primary objective is to provide independent and objective assurance and consulting activity designed to add value and improve Synergy's operations. Internal audit assists in accomplishing its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of Synergy's control and governance processes.

The role of Synergy's internal audit function is to:

- (a) Periodically review compliance with policies, operating principles and codes of conduct to determine whether adequate controls are in place to ensure the requirements are met.
- (b) Conduct periodic assessment of the structure and effectiveness of the internal control framework in place over the operations to provide information for financial reporting.
- (c) Conduct periodic assessment of management systems and processes for generating significant and/or material disclosures.
- (d) Independently evaluate and monitor the adequacy of Synergy's internal identification, management and reporting of risk.
- (e) Conduct periodic, independent assessments of organisational culture.
- (f) Carry out any special investigations, appraisals, inspections and examinations in areas having financial, operational or management impact, including probity reviews.
- (g) Undertake consultancy work either requested by management or identified by internal audit and report to the relevant management team the observations and recommendations.
- (h) Highlight to management any failure to take remedial action on audit issues previously raised.

## Human Resources and Sustainability Committee

The purpose of the Human Resources and Sustainability Committee is to review and approve or make recommendations to the board in relation to Synergy's human resources and sustainability duties and responsibilities. Sustainability also includes matters relating to health, safety, environment and community relations.

Synergy's website includes a link to the charter that governs the Human Resources and Sustainability Committee. The members of the Human Resources and Sustainability Committee and individual attendances at committee meetings during the reporting period are set out in table 4.



## Remuneration report

The remuneration report details the remuneration arrangements for persons having authority and responsibility for planning, directing and controlling the major activities of Synergy; directly or indirectly, including any director.

Table 5:  
Director remuneration

Total Remuneration Band	Number of Directors		Short term \$'000				Post Employment \$'000				Total \$'000	
	2022	2023	Salary & fees		Other		Super		Termination		Total	
			2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
0*	1	1	-	-	-	-	-	-	-	-	-	-
1 - 24,999	-	3	-	14	-	-	-	2	-	-	-	16
25,000 - 49,999	-	1	-	32	-	-	-	3	-	-	-	35
50,000 - 74,999	4	4	60	62	-	-	6	7	-	-	66	69
75,000 - 99,999	2	-	69	-	-	-	7	-	-	-	76	-
100,000 - 124,999	-	-	-	-	-	-	-	-	-	-	-	-
125,000 - 150,000	1	1	132	118	-	-	13	12	-	-	145	130

**Note:**

Where there is more than one director in a remuneration band the average remuneration is shown.

\*\*Not eligible for remuneration by Synergy due to being a representative of the Western Australian State Government.

## Remuneration governance

The Human Resources and Sustainability Committee has delegated decision-making authority in relation to various matters including the remuneration arrangements for executives other than the CEO and is required to make recommendations to the board on other matters including CEO remuneration. The Minister determines total remuneration for the CEO.

The Human Resources and Sustainability Committee meets regularly through the year. The CEO is not present during any discussions related to his own remuneration arrangements.

Table 6:  
Names and positions of executives as at 30 June 2023

**Executives**

David Fyfe*	Chief Executive Officer
Jonathan Cowper*	Chief Financial Officer
Melanie Brown*	Executive General Manager Trading & Governance (commenced 2 October 2022) (previously General Counsel, Office of General Counsel and Company Secretary to 30 January 2023)
Kurt Baker*	Executive General Manager Future Energy (previously General Manager Commercial to 2 October 2022)
Gary Peel	Chief Information Officer (previously General Manager Transformation & Technology to 2 October 2022)
Lesley Walker	Executive General Manager Customer (commenced 19 December 2022, previously Acting General Manager Customer from 22 August 2022)
Angie Young*	Executive General Manager Thermal Generation (previously General Manager Sustainability to 2 October 2022)
Colin Smith	Executive General Manager Customer (departed 31 August 2022)
Dion Paunich	General Manager Generation (departed 31 August 2022)
Mark Chambers	Acting General Manager Wholesale (from 30 June 2022 to 2 October 2022)
Tiri Sanderson	Executive General Manager People, Sustainability & Social Value (commenced 30 January 2023)
Jason Froud	Acting Executive General Manager People, Sustainability & Social Value (from 2 October 2022 to 30 January 2023)

**Note:**

\*Denotes the five highest paid executives

Table 7:  
Executive remuneration

Total Remuneration Band	Number of Staff		Short term \$'000				Post Employment \$'000				Total \$'000	
			Salary & fees		**Other		Super		Termination		Total	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
0 - 249,000	1	3	97	121	-	12	10	10	-	-	107	143
250,000 - 349,999	-	1	-	212	-	(143)	-	16	-	247	-	332
350,000 - 449,999	7	2	379	338	26	22	28	26	-	-	433	386
450,000 - 549,999	2	5	455	396	11	(11)	25	25	-	77	491	487
550,000 - 649,999	-	-	-	-	-	-	-	-	-	-	-	-
650,000 - 749,999	-	1	-	596	-	27	-	27	-	-	-	650

**Note:**

Where there is more than one executive in a remuneration band the average remuneration is shown.

\*\*\*"Other" includes leave accruals and reportable fringe benefits.

## Director remuneration arrangements

The Minister sets remuneration for directors in accordance with the Act.

Directors do not receive any retirement benefits (apart from statutory superannuation) nor do they participate in any incentive programs. Details of the nature and emolument of directors of Synergy are set out in table 5.

## Executive remuneration arrangements

Synergy's executive remuneration approach is designed to attract and retain high performing individuals who consistently demonstrate exemplary behaviours consistent with Synergy's values. Total remuneration for executives consists of fixed remuneration comprising base salary (which is calculated on a total cost basis, including accrued annual leave and long service leave entitlements) as well as Synergy's contribution to superannuation funds.

Synergy sets key performance indicators (KPIs) for the CEO and other executives each year which has both a target and stretch outcome. The CEO KPIs and Corporate KPIs are reviewed and approved by the board at the beginning of the financial year.

At the end of 12 months, an assessment against these KPIs and performance is undertaken, and development plans agreed. The CEO performance plan outcomes are discussed and approved by the board.

Executives do not participate in any incentive plans. Remuneration levels for executives are considered annually through a review process that considers market data, the performance of Synergy and the individual, and the broader economic environment. Details of the nature and emolument of Synergy executives are set out in table 7.

Contracts of employment for executives are unlimited in term but are generally capable of termination on 13 weeks' notice for poor performance and redundancy or 26 weeks' for any other reason. In the event of redundancy, Synergy provides for a capped payment including notice, of up to 52 weeks. Executives are also entitled to receive on termination of employment their

statutory entitlements of accrued annual and long service leave together with any superannuation benefits. The CEO has a contract of employment that commenced on 16 May 2022. The contract specifies the duties and obligations to be fulfilled by the CEO and provides that the board and CEO will, early in each financial year, consult and agree on the objectives for achievement during that year. The contract can be terminated by Synergy with 26 weeks' notice, or by the CEO with 13 weeks' notice.

## Indemnification of directors and officers

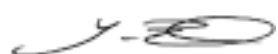
During the reporting period, a directors' and officers' liability insurance policy was maintained to ensure that the directors and officers had adequate coverage. The policy indemnifies directors and officers of the corporation from losses arising from a claim or claims made against them, jointly or severally during the period of insurance by reason of any wrongful act (as defined in the policy) in their capacity as a director or officer of the corporation. At the date of this report no successful claims have been made against the directors' and officers' component of the policy.

## Matters subsequent to the end of the reporting year

There are no matters or circumstances that have arisen that are likely, in the opinion of the directors, to affect significantly the operations of Synergy, the results of those operations, or the state of affairs of Synergy in subsequent reporting years.



**Michelle Shepherd**  
Chair

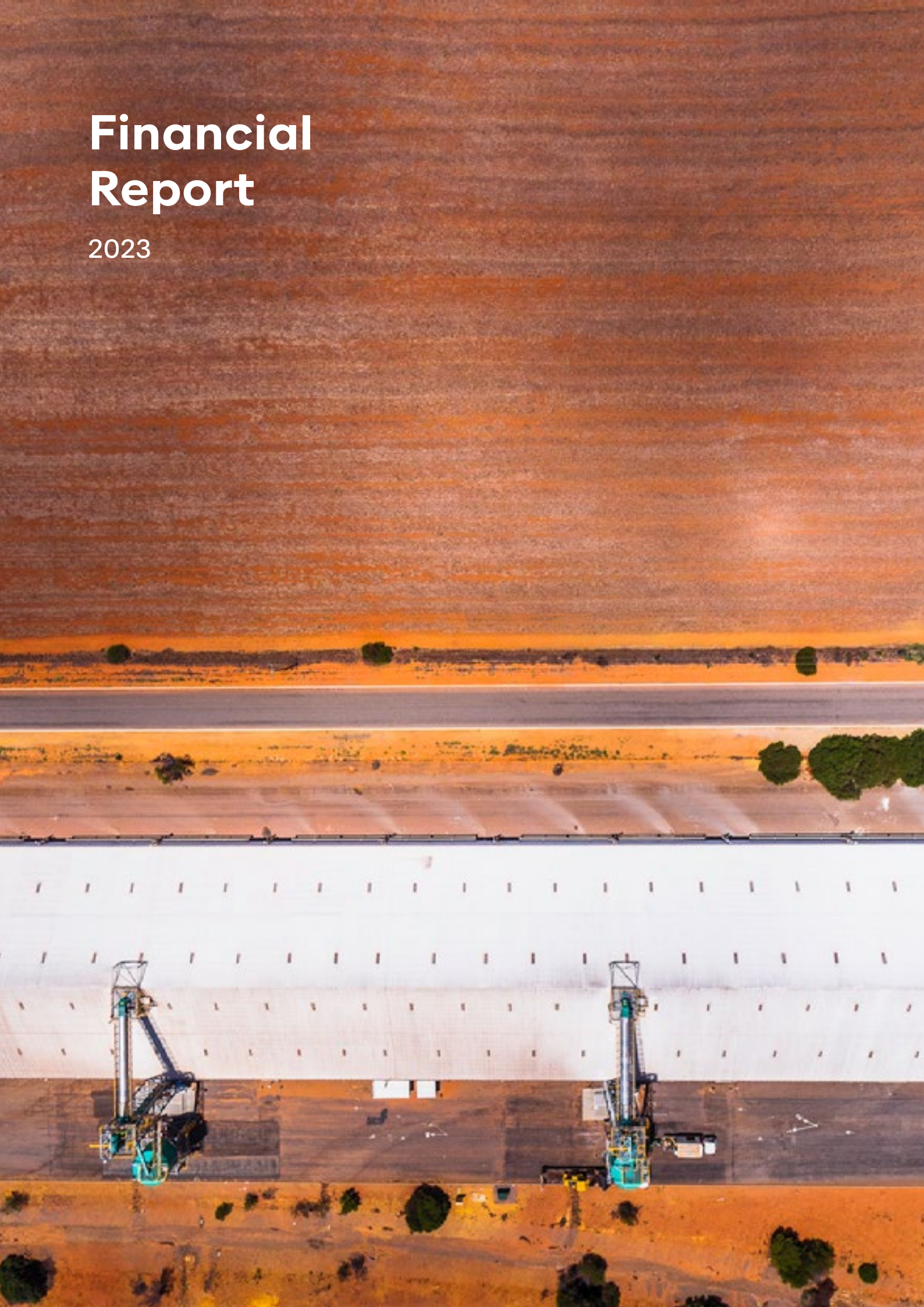


**Yasmin Broughton**  
Deputy Chair



# Financial Report

2023



# Financial statements

**For the year ended 30 June 2023**

For the Electricity Generation and Retail Corporation  
trading as Synergy ABN 58 673 830 106

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## Statement of profit or loss

For the year ended 30 June 2023

		Group		Corporation	
	Note	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Sales revenue	3.1	3,190,439	3,127,122	3,190,439	3,127,122
Other revenue	3.1	251,236	228,780	262,328	234,122
<b>Total revenue</b>		<b>3,441,675</b>	<b>3,355,902</b>	<b>3,452,767</b>	<b>3,361,244</b>
Fuel, networks and other direct costs	3.3	(3,568,479)	(2,602,428)	(3,568,405)	(2,602,378)
Materials and services	3.3	(105,532)	(80,745)	(105,532)	(80,744)
Employee expenses	3.3	(155,734)	(152,726)	(155,010)	(152,015)
Other expenses	3.3	(330,101)	(254,830)	(336,860)	(254,130)
Depreciation and amortisation	5.1 / 5.2 / 5.3	(34,253)	(77,911)	(34,223)	(77,911)
Other impairment losses	3.3	54,496	(594,590)	54,496	(594,591)
<b>Total expenses</b>		<b>(4,139,603)</b>	<b>(3,763,230)</b>	<b>(4,145,534)</b>	<b>(3,761,769)</b>
Other operating income	3.2	8,681	8,817	13,772	8,081
Finance income		9,408	1,017	9,392	1,017
Finance costs		(53,043)	(32,155)	(53,043)	(32,155)
<b>Net finance costs</b>	3.4	<b>(43,635)</b>	<b>(31,138)</b>	<b>(43,651)</b>	<b>(31,138)</b>
Share of profit from joint ventures	6.5	283	419	-	-
<b>Loss before tax</b>		<b>(732,599)</b>	<b>(429,230)</b>	<b>(722,646)</b>	<b>(423,582)</b>
Income tax (expense)/benefit	3.5	(136)	218	-	-
<b>Loss for the year</b>		<b>(732,735)</b>	<b>(429,012)</b>	<b>(722,646)</b>	<b>(423,582)</b>

The above statement of profit or loss should be read in conjunction with the accompanying notes.

## Statement of comprehensive income

For the year ended 30 June 2023

	Note	Group		Corporation	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Loss for the year		(732,735)	(429,012)	(722,646)	(423,582)
<b>Other comprehensive income (OCI)</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Changes in fair value of cash flow hedges, net of tax		1,117	(504)	1,117	(504)
Share of joint venture entities other comprehensive income, net of tax	6.5	515	12,639	-	-
	<b>6.1</b>	<b>1,632</b>	<b>12,135</b>	<b>1,117</b>	<b>(504)</b>
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Re-measurement gains on defined benefit plans, net of tax	6.1	146	1,475	146	1,475
<b>Other comprehensive income for the year, net of tax</b>		<b>1,778</b>	<b>13,610</b>	<b>1,263</b>	<b>971</b>
<b>Total comprehensive loss for the year</b>		<b>(730,957)</b>	<b>(415,402)</b>	<b>(721,383)</b>	<b>(422,611)</b>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

# Statement of financial position

As at 30 June 2023

		Group		Corporation	
	Note	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash and short-term deposits	4.2	300,187	446,956	298,047	445,916
Trade and other receivables	4.3	561,663	411,522	569,364	411,979
Inventories	4.4	142,911	96,526	142,911	96,526
Derivative financial instruments	5.5	2,203	5,703	2,203	5,703
Intangible assets	5.2	38,725	53,794	38,725	53,794
Assets held for sale	5.1	-	5,357	-	5,357
<b>Total current assets</b>		<b>1,045,689</b>	<b>1,019,858</b>	<b>1,051,250</b>	<b>1,019,275</b>
Trade and other receivables	4.3	244,840	-	244,840	-
Property, plant and equipment	5.1	633,939	416,954	633,633	416,954
Intangible assets	5.2	301	11,149	301	11,149
Right of use assets	5.3	-	22,847	-	22,847
Derivative financial instruments	5.5	5,209	22,965	5,209	22,965
Investment in subsidiaries	6.5	-	-	1,462	1,462
Investment in joint ventures	6.5	25,993	36,287	41,043	41,043
Deferred tax assets	3.6	3,427	3,562	-	-
<b>Total non-current assets</b>		<b>913,709</b>	<b>513,764</b>	<b>926,488</b>	<b>516,420</b>
<b>Total assets</b>		<b>1,959,398</b>	<b>1,533,622</b>	<b>1,977,738</b>	<b>1,535,695</b>
Trade and other payables	4.5	567,031	601,258	573,667	601,207
Derivative financial instruments	5.5	216	993	216	993
Lease liabilities	5.3	24,577	21,344	24,577	21,344
Employee benefits	6.3	36,937	38,351	36,886	38,294
Provisions	5.4	210,015	144,896	210,015	144,896
Deferred income	4.6	7,572	4,656	7,572	4,656
<b>Total current liabilities</b>		<b>846,348</b>	<b>811,498</b>	<b>852,933</b>	<b>811,390</b>
Trade and other payables	4.5	2,083	1,918	2,083	1,918
Interest bearing loans and borrowings	5.6	161,251	161,253	161,251	161,253
Lease liabilities	5.3	156,478	183,821	156,478	183,821
Employee benefits	6.3	28,901	27,549	28,901	27,549
Provisions	5.4	1,366,294	656,173	1,366,294	656,173
Deferred income	4.6	2,667	3,077	2,667	3,077
<b>Total non-current liabilities</b>		<b>1,717,674</b>	<b>1,033,791</b>	<b>1,717,674</b>	<b>1,033,791</b>
<b>Total liabilities</b>		<b>2,564,022</b>	<b>1,845,289</b>	<b>2,570,607</b>	<b>1,845,181</b>
<b>Net liabilities</b>		<b>(604,624)</b>	<b>(311,667)</b>	<b>(592,869)</b>	<b>(309,486)</b>
Contributed equity	6.1	1,886,445	1,448,445	1,886,445	1,448,445
Accumulated losses		(2,497,315)	(1,764,726)	(2,479,839)	(1,757,339)
Reserves		6,246	4,614	525	(592)
<b>Total deficit</b>		<b>(604,624)</b>	<b>(311,667)</b>	<b>(592,869)</b>	<b>(309,486)</b>

The above statement of financial position should be read in conjunction with the accompanying notes.



## Statement of changes in equity

For the year ended 30 June 2023

		Contributed equity	Accumulated losses	Reserves	Total
	Note	\$'000	\$'000	\$'000	\$'000
<b>Group</b>					
Balance at 1 July 2021		1,292,744	(1,337,189)	(7,521)	(51,966)
Equity contribution		155,701	-	-	155,701
Loss for the year		-	(429,012)	-	(429,012)
Other comprehensive income for the year	6.1	-	1,475	12,135	13,610
Total comprehensive income/(loss) for the year, net of tax		-	(427,537)	12,135	(415,402)
Balance at 30 June 2022		1,448,445	(1,764,726)	4,614	(311,667)
Balance at 1 July 2022		1,448,445	(1,764,726)	4,614	(311,667)
Equity contribution	6.1	438,000	-	-	438,000
Loss for the year		-	(732,735)	-	(732,735)
Other comprehensive income for the year	6.1	-	146	1,632	1,778
Total comprehensive income/(loss) for the year, net of tax		-	(732,589)	1,632	(730,957)
Balance at 30 June 2023		1,886,445	(2,497,315)	6,246	(604,624)
<b>Corporation</b>					
Balance at 1 July 2021		1,292,744	(1,335,232)	(88)	(42,576)
Equity contribution		155,701	-	-	155,701
Loss for the year		-	(423,582)	-	(423,582)
Other comprehensive income/(loss) for the year	6.1	-	1,475	(504)	971
Total comprehensive loss for the year, net of tax		-	(422,107)	(504)	(422,611)
Balance at 30 June 2022		1,448,445	(1,757,339)	(592)	(309,486)
Balance at 1 July 2022		1,448,445	(1,757,339)	(592)	(309,486)
Equity contribution	6.1	438,000	-	-	438,000
Loss for the year		-	(722,646)	-	(722,646)
Other comprehensive income for the year	6.1	-	146	1,117	1,263
Total comprehensive income/(loss) for the year, net of tax		-	(722,500)	1,117	(721,383)
Balance at 30 June 2023		1,886,445	(2,479,839)	525	(592,869)

The above statement of changes in equity should be read in conjunction with the accompanying notes.

## Statement of cash flows

For the year ended 30 June 2023

		Group		Corporation	
		2023	2022	2023	2022
	Note	\$'000	\$'000	\$'000	\$'000
Operating activities					
Cash receipts from customers		2,727,696	3,030,660	2,725,388	3,029,549
Government stimulus received on behalf of customers		419,657	11,848	419,657	11,848
Payment in lieu of subsidies		293,256	214,814	293,256	214,814
Energy purchase and network access costs		(2,995,516)	(2,642,093)	(2,996,558)	(2,641,541)
Payments to suppliers and employees		(548,653)	(487,911)	(546,720)	(487,096)
Interest received		9,594	865	9,578	865
Interest paid		(3,854)	(3,383)	(3,854)	(3,383)
Net cash flows (used in)/from operating activities	4.2	(97,820)	124,800	(99,253)	125,056
Investing activities					
Distribution received from investments	6.5	11,092	5,342	11,092	5,342
Return of capital from joint ventures	6.5	-	226	-	226
Payment for property, plant and equipment		(493,949)	(160,117)	(493,616)	(160,116)
Payment for intangible assets		(4,265)	(11,189)	(4,265)	(11,189)
Proceeds from disposal of assets		175	228	175	228
Net cash flows used in investing activities		(486,947)	(165,510)	(486,614)	(165,509)
Financing activities					
Repayment of borrowings		(2)	(57,110)	(2)	(57,110)
Equity received	6.1	438,000	155,701	438,000	155,701
Net cash flows from financing activities		437,998	98,591	437,998	98,591
Net (decrease)/increase in cash and cash equivalents		(146,769)	57,881	(147,869)	58,138
Cash and cash equivalents at 1 July		446,956	389,075	445,916	387,778
Cash and cash equivalents at 30 June	4.2	300,187	446,956	298,047	445,916

The above statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the financial statements

For the year ended 30 June 2023

## Section 1 - About this report

### Corporate information

The Electricity Generation and Retail Corporation, trading as Synergy (the Corporation) is a not-for-profit entity incorporated under the *Electricity Corporations Act 2005*. The financial statements comprise the financial results of the Corporation and its subsidiaries (collectively the Group), for the year ended 30 June 2023.

The Group is primarily involved in the generation and supply of electricity, retail and wholesale sales of electricity and gas, trading of energy, and provision of ancillary services.

The financial statements were authorised for issue in accordance with a resolution of directors on 29 August 2023.

### Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with the *Government Trading Enterprises Act 2023* including Section 176, the *Government Trading Enterprises Regulations 2023*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The Corporation has applied not-for-profit elections available in Australian Accounting Standards where applicable.

The financial statements have been prepared on a historical cost basis, except for the derivative financial instruments and certain other financial assets and liabilities, which have been measured at fair value.

All values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

### Accounting policies

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date at which the Group ceases to have control. The financial statements of subsidiaries are prepared for the same reporting period as the Corporation, using consistent accounting policies. All intercompany balances and transactions have been eliminated.

A summary of the recognition and measurement basis used for significant accounting policies and policies that are relevant to understanding of the Group's position are disclosed throughout the notes to the financial statements.



## New and amended accounting standards and interpretations

All new and amended Australian Accounting Standards and Interpretations effective 1 July 2022 that are relevant to the Group have been adopted, including the following, which did not have a significant impact on the Group:

### *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*

Amendments to AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* have been made to clarify that when assessing whether a contract is onerous, the cost of fulfilling the contract comprises all costs that relate directly to the contract, which includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Synergy considered the methodology used in the assessment of its onerous contracts. It is noted that the methodology used when assessing if a contract is onerous includes incremental direct costs and an allocation of other costs related to fulfilling the contract, and therefore meets the amended requirements of AASB 137. Therefore, there is no financial impact of the amendments on the Group's consolidated financial statements.

## Key judgements and estimates

In applying the Group's accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances known to management. Actual results may differ from those judgements, estimates and assumptions.

Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are found in the following notes:

- note 3.1 - revenue;
- note 3.6 - deferred tax;
- note 4.3 - trade and other receivables;
- note 5.1 - property, plant and equipment;
- note 5.2 - intangible assets;
- note 5.3 - right of use assets and lease liabilities;
- note 5.4 - provisions;
- note 5.5 - derivative financial instruments;
- note 6.2 - commitments and contingencies; and
- note 6.3 - employee benefits.

## Currency

The functional and presentation currency of the Group and its subsidiaries is Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency using the exchange rates on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates on that date. Exchange differences are recognised in the statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates prevailing at the date of the initial transaction.

## Goods and services tax (GST)

Amounts shown in the financial statements are net of GST with the exception of trade receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included in receivables or payables in the statement of financial position, and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flow. Non-recoverable GST is either recognised as part of the cost of an asset or expensed as incurred.

## Comparatives

Comparatives for 30 June 2022, where appropriate, are re-presented or re-classified to ensure comparability with the current year. There has been no restatement to comparative amounts.

## Section 2 - Segment information

The Group is required to present segment information under Part 2 of *The Electricity Corporations (Electricity Generation and Retail Corporation) Regulations 2013* (the Regulations). The Regulations do not require comparative information to be presented.

For management purposes, the Group is organised into business units based on functions and activities. The Group has four reportable operating segments detailed as follows:

- **Generation business unit (GBU)** - manages operations involving the construction or operation of generating works (as defined in the *Electricity Industry Act 2004* section 3).
- **Wholesale business unit (WBU)** - manages operations involving the wholesale supply of energy and related products (including pricing in respect of such acquisition or supply).
- **Retail business unit (RBU)** - manages operations involving the pricing, sale and marketing of energy and related products to customers.
- **Corporate shared services (CSS)** - manages operations relating to the following activities: corporate development and strategy; accounting, finance, compliance and legal matters; human resources; information technology support; and any other operations undertaken in connection with two or more business units. CSS includes the operations of the South West Solar Development Holdings Pty Ltd and its subsidiary Synergy Renewable Energy Development Pty Ltd which is in the business of providing asset management services and vehicle management services.

Inter-segment revenues are eliminated upon consolidation. No operating segments have been aggregated in arriving at the reportable segments of the Group. Formal arrangements exist between:

- WBU and RBU whereby WBU sells energy to RBU in accordance with the Regulations; and
- WBU and GBU whereby GBU is compensated by WBU for both maintaining and making available a fleet of plant, as well as the efficient utilisation of that plant.



## Segment information (continued)

Year ended 30 June 2023	GBU	WBU	RBU	CSS	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>						
External customers	9,360	459,418	2,944,079	28,818	-	3,441,675
Inter-segment	391,576	1,168,826	-	-	(1,560,402)	-
<b>Total revenue</b>	<b>400,936</b>	<b>1,628,244</b>	<b>2,944,079</b>	<b>28,818</b>	<b>(1,560,402)</b>	<b>3,441,675</b>
Cost of sales	(626,895)	(1,775,282)	(2,752,564)	-	1,560,328	(3,594,413)
Operating costs	(286,661)	(9,346)	(78,823)	(190,850)	74	(565,606)
Impairment reversal/(losses)	107,174	(17,373)	(24,112)	(11,193)	-	54,496
Other income	498	114	300	7,942	-	8,854
<b>Earnings/(loss) before interest, tax, depreciation and amortisation</b>	<b>(404,948)</b>	<b>(173,643)</b>	<b>88,880</b>	<b>(165,283)</b>	<b>-</b>	<b>(654,994)</b>
Depreciation and amortisation	(24,297)	(3,503)	(991)	(5,462)	-	(34,253)
Finance income	-	-	-	9,407	-	9,407
Finance costs	(14,472)	(32,958)	-	(5,612)	-	(53,042)
<b>Net finance costs</b>	<b>(14,472)</b>	<b>(32,958)</b>	<b>-</b>	<b>3,795</b>	<b>-</b>	<b>(43,635)</b>
<b>Segment (loss)/ profit</b>	<b>(443,717)</b>	<b>(210,104)</b>	<b>87,889</b>	<b>(166,950)</b>	<b>-</b>	<b>(732,882)</b>
<b>Unallocated items</b>						
Share of profit from joint ventures and associate						283
Income tax expense						(136)
<b>Loss for the year</b>						<b>(732,735)</b>

## Section 3 - Financial performance

### 3.1 Revenue

	Group		Corporation	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Sale of energy - retail customers	2,822,269	2,792,186	2,822,269	2,792,186
Sale of energy - wholesale customers	304,335	272,472	304,335	272,472
Products and services	43,800	39,414	43,800	39,414
Account fees and charges	20,035	23,050	20,035	23,050
<b>Total sales revenue</b>	<b>3,190,439</b>	<b>3,127,122</b>	<b>3,190,439</b>	<b>3,127,122</b>
Payment in lieu of subsidies	240,707	216,362	240,707	216,362
Contract works and grants	-	13	-	13
Government grants	10,529	12,405	10,529	12,405
Distribution received	-	-	11,092	5,342
<b>Total other revenue</b>	<b>251,236</b>	<b>228,780</b>	<b>262,328</b>	<b>234,122</b>

### Recognition and measurement

Revenue is recognised when or as each performance obligation is satisfied at the amount of the transaction price allocated to that performance obligation.

#### *Sale of energy and account fees and charges*

Energy sales represents the sale of gas and electricity to retail (residential and business) and wholesale customers. Residential sales consist of short term, day-by-day contracts and revenue is recognised on a day-by-day basis upon the delivery of energy to customers. Business and wholesale customers are on longer contracts and the supply of energy is considered to be a single performance obligation, and revenue is recognised when the supply of energy has been delivered to the customer. If consideration includes a variable component, it is adjusted for the estimated impact of the variable component at the point of recognition and re-estimated at every reporting period.

Revenue from account fees and charges is not considered a separate performance obligation and is therefore recognised immediately along with revenue from sale of energy to customers.

#### *Products and services*

Revenue from the sale of products and services is recognised at a point in time when the goods or services have been transferred to the customer.

#### *Payment in lieu of subsidies*

Payment in lieu of subsidies is recognised as other revenue when received and includes the Tariff Equalisation Contribution (TEC) and System Security Transition Payment (SSTP). These subsidies represent payments to equalise network tariffs across the state and provide support for running plant in an uneconomical manner, under recovery of account fees and charges from eligible concession card holders and costs incurred in administering government initiatives.

### 3.1 Revenue (continued)

#### Key estimates

A portion of the Group's retail energy revenue is based on estimated unread energy consumption. Unread energy consumption represents the estimated value of electricity and gas provided to customers but not invoiced. This assessment is based on historical data adjusted for measurable changes in consumption patterns during the estimation period.

### 3.2 Other operating income

	Group		Corporation	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Development fee income	-	3,657	-	3,657
Other operating income	8,681	5,160	13,772	4,424
Total other operating income	8,681	8,817	13,772	8,081



### 3.3 Expenses

		Group		Corporation	
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
Fuel, electricity and other purchases	(i)	(1,670,655)	(911,475)	(1,670,655)	(911,474)
Network access costs		(1,222,529)	(1,289,269)	(1,222,455)	(1,289,220)
Renewable energy certificates	(ii)	(177,746)	(192,860)	(177,746)	(192,860)
Market participant costs		(115,896)	(109,370)	(115,896)	(109,370)
Commodity charges	(iii)	(381,653)	(99,454)	(381,653)	(99,454)
<b>Total fuel, networks and other direct costs</b>		<b>(3,568,479)</b>	<b>(2,602,428)</b>	<b>(3,568,405)</b>	<b>(2,602,378)</b>

#### i. Community service obligations

The State Government reimburses the Corporation for the cost of community service obligations (CSOs), including energy assistance payments (EAP). This entitlement to reimbursement is recognised in the statement of profit or loss when the right to receive the payment is established. Where CSOs are not fully reimbursed, the cost is included in fuel, electricity and other purchases.

The total cost of unfunded renewable energy buyback scheme (REBS), and distributed energy buyback scheme (DEBS) costs included above is \$69.0 million (2022: \$37.5 million).

Included in fuel, electricity and other purchases is an expense for provision for onerous contract of \$498.2 million (2022: nil). Refer to note 5.4 for details.

#### ii. Renewable energy certificates

*The Renewable Energy (Electricity) Act 2000* requires certain purchasers to surrender a specified number of renewable energy certificates for the electricity that they acquire during the year. Compliance is achieved by either surrendering the required number of Large-scale Generation Certificates (LGCs) to the Clean Energy Regulator (CER), or by paying a penalty for the shortfall in surrendered certificates. The legislation provides a three-year window whereby a generator may surrender certificates and receive a refund for any shortfall charge previously paid.

In both the 2019 and 2020 calendar years Synergy paid a shortfall penalty to the CER instead of surrendering LGCs to meet its renewable energy liabilities. During the financial year, a shortfall penalty of \$60.5 million has been refunded to Synergy by surrendering LGCs to meet the 2019 and 2020 calendar year shortfalls. The penalty refund is currently recognised as an offset to renewable energy certificates.

#### iii. Provision for onerous contract

Included in commodity charges is a credit amount of \$12.9 million (2022: \$29.3 million) in relation to a provision for onerous contract which has been unwound as a credit to the profit or loss in the current year, and an expense for an additional provision recognised of \$275.5 million (2022: \$6.1 million). Refer to note 5.4 for details.

### 3.3 Expenses (continued)

	Note	Group		Corporation	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Materials		(56,504)	(44,024)	(56,504)	(44,024)
Maintenance services		(49,028)	(36,721)	(49,028)	(36,720)
<b>Total materials and services</b>		<b>(105,532)</b>	<b>(80,745)</b>	<b>(105,532)</b>	<b>(80,744)</b>
Wages and salaries		(131,720)	(104,024)	(131,067)	(103,380)
Termination benefits		(8,403)	(34,715)	(8,403)	(34,715)
Post employment benefits		(15,611)	(13,987)	(15,540)	(13,920)
<b>Total employee expenses</b>		<b>(155,734)</b>	<b>(152,726)</b>	<b>(155,010)</b>	<b>(152,015)</b>
Audit services - Office of Auditor General		(530)	(681)	(496)	(651)
Bank fees and charges		(3,361)	(4,299)	(3,360)	(4,298)
Communication and advertising		(8,325)	(8,883)	(8,324)	(8,882)
Commissions		(4,056)	(2,828)	(4,056)	(2,828)
Contractors and consultants		(211,025)	(160,387)	(207,534)	(159,881)
Insurance		(14,353)	(10,814)	(14,330)	(10,808)
Legal fees		(4,183)	(4,757)	(4,180)	(4,757)
Metering		(7,612)	(9,215)	(7,612)	(9,215)
Rental expense		(4,745)	(5,296)	(4,612)	(5,295)
Printing		(1,333)	(1,329)	(1,332)	(1,329)
Computer software		(5,103)	(5,822)	(4,954)	(5,822)
Decommissioning expense	5.4	(11,342)	(5,624)	(11,342)	(5,624)
Revaluation of electricity derivatives	5.5	(16,293)	(14,033)	(16,293)	(14,033)
Other expenses		(37,840)	(20,862)	(48,435)	(20,707)
<b>Total other expenses</b>		<b>(330,101)</b>	<b>(254,830)</b>	<b>(336,860)</b>	<b>(254,130)</b>
Allowance for impairment of receivables	4.3	(23,561)	(13,344)	(23,561)	(13,344)
Allowance for inventory obsolescence		933	(11,762)	933	(11,762)
Impairment of investment in joint ventures		-	-	-	(1)
Impairment reversal/(loss) of non-current assets	5.1-3	77,124	(569,484)	77,124	(569,484)
<b>Impairment losses</b>		<b>54,496</b>	<b>(594,590)</b>	<b>54,496</b>	<b>(594,591)</b>

During the financial year, the Electricity Review Board (ERB) made final orders in relation to the proceedings commenced by the Economic Regulation Authority (ERA) against the Group. A settlement was reached whereby the Group will implement a customer offset credit totalling \$30 million, distributed across eligible non-contestable customer accounts, which has been recognised in other expenses.

### 3.4 Net finance costs

	Note	Group		Corporation	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Interest income		9,408	1,017	9,392	1,017
<b>Total finance income</b>		<b>9,408</b>	<b>1,017</b>	<b>9,392</b>	<b>1,017</b>
Interest on loans and borrowings		(4,097)	(3,243)	(4,097)	(3,243)
Lease interest expense		(24,357)	(26,156)	(24,357)	(26,156)
Unwinding of discount on provisions		(23,799)	(2,365)	(23,799)	(2,365)
Interest on defined benefit fund	6.3	(790)	(391)	(790)	(391)
<b>Total finance costs</b>		<b>(53,043)</b>	<b>(32,155)</b>	<b>(53,043)</b>	<b>(32,155)</b>
<b>Net finance costs</b>		<b>(43,635)</b>	<b>(31,138)</b>	<b>(43,651)</b>	<b>(31,138)</b>

### 3.5 Income tax expense

Reconciliation of income tax expense to the effective tax rate:

	Group		Corporation	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Loss before income tax</b>	<b>(732,599)</b>	<b>(429,230)</b>	<b>(722,646)</b>	<b>(423,582)</b>
Income tax using the Corporation tax rate of 30%	219,780	128,769	216,794	127,075
<b>Effect of:</b>				
Non-deductible items	9,278	246	9,278	246
Other allowable deductions	(10)	(279)	3,096	1,418
Under provided tax benefit in respect of prior year	2,247	426	2,247	426
Utilisation of prior year tax losses previously not recognised	-	36,080	-	36,080
Deductible temporary differences not recognised	(231,431)	(165,024)	(231,415)	(165,245)
<b>Income tax (expense)/benefit</b>	<b>(136)</b>	<b>218</b>	<b>-</b>	<b>-</b>
<b>Income tax benefit includes:</b>				
Current tax benefit/(expense)	40,140	(36,080)	40,249	(36,080)
Write-back of previously derecognised deferred tax assets	-	36,080	-	36,080
Deductible temporary differences not recognised	(40,140)	-	(40,249)	-
Tax (profit)/loss current year	(136)	218	-	-
<b>Income tax (expense)/benefit in statement of profit or loss</b>	<b>(136)</b>	<b>218</b>	<b>-</b>	<b>-</b>

The tax rate used in the reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.



### 3.5 Income tax expense (continued)

#### Recognition and measurement

The Corporation operates under the National Taxation Equivalent Regime (NTER). While tax equivalent payments are remitted to the Department of Treasury, the Corporation's tax is subject to Australian Taxation Office (ATO) administration. The calculation of the liability in respect of income tax is governed by the Income Tax Administration Acts and the NTER guidelines as agreed by the State Government.

Income tax equivalent expense comprises current and deferred tax. Income tax equivalent expense, referred to as income tax in these financial statements, is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Income tax expense includes tax adjustments for permanent and timing differences. Permanent differences represent the differences for transactions which will never be included in taxable income or loss, although they are recognised in the accounting profit or loss. Timing differences represent the differences between the time transactions are recognised for accounting purposes and when they are recognised for tax purposes.

Income tax expense is calculated based on amounts of income which are assessable for tax and amounts of expenditure which are deductible for tax, irrespective of when that assessment or deduction arises. Income tax payable reflects amounts which are assessable or deductible in the current year, which does not always align with the timing of recognition in the statement of profit or loss.

Synergy has not formed a tax consolidated group. The tax losses of the subsidiaries cannot be used to offset against the Group's taxable income. Therefore, the income tax liability of the Group will represent the income tax liability of the Corporation and each subsidiary.

### 3.6 Deferred tax

	Group		Corporation	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Deferred income tax relating to:</b>				
Trade and other receivables	34,873	30,966	34,873	30,966
Intangible assets	14,659	13,927	14,659	13,927
Property, plant and equipment	82,296	134,901	82,296	134,901
Right of use asset	8,842	-	8,842	-
Trade and other payables	789	1,306	781	1,292
Lease liabilities	45,957	59,931	45,957	59,931
Employee benefits	33,773	33,921	33,758	33,904
Provisions	396,592	157,382	396,592	157,382
Carried forward tax losses and R&D credits	79,845	37,440	76,441	33,909
<b>Total deferred tax asset</b>	<b>697,626</b>	<b>469,774</b>	<b>694,199</b>	<b>466,212</b>
Inventories	(16,870)	(6,677)	(16,870)	(6,677)
Derivative financial instruments	(2,159)	(8,303)	(2,159)	(8,303)
Right of use asset	-	(5,344)	-	(5,344)
<b>Total deferred tax liability</b>	<b>(19,029)</b>	<b>(20,324)</b>	<b>(19,029)</b>	<b>(20,324)</b>
<b>Total de-recognition of deferred tax asset</b>	<b>(675,170)</b>	<b>(445,888)</b>	<b>(675,170)</b>	<b>(445,888)</b>
<b>Net deferred tax asset</b>	<b>3,427</b>	<b>3,562</b>	<b>-</b>	<b>-</b>

### 3.6 Deferred tax (continued)

	Group		Corporation	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>The (increase)/ decrease in deferred tax relates to:</b>				
Trade and other receivables	3,907	6,588	3,907	6,588
Derivative financial instruments	6,479	6,421	6,479	6,421
Right of use asset	14,186	20,237	14,186	20,237
Intangible assets	732	9,245	732	9,245
Trade and other payables	(517)	(4,309)	(511)	(4,311)
Lease liabilities	(13,974)	(7,101)	(13,974)	(7,101)
Employee benefits	(104)	9,583	(102)	9,575
Provisions	239,210	6,655	239,210	6,655
Business related costs	-	(10)	-	-
Inventories	(10,193)	9,495	(10,193)	9,495
Property, plant and equipment	(52,605)	107,133	(52,605)	107,133
Carried forward tax losses and R&D credits	42,405	(34,555)	42,532	(34,773)
De-recognition of deferred tax asset	(229,661)	(129,164)	(229,661)	(129,164)
<b>Amount recognised in statement of profit and loss</b>	<b>(135)</b>	<b>218</b>	<b>-</b>	<b>-</b>
Derivative financial instruments	(335)	151	(335)	151
Defined benefit re-measurement	(44)	(443)	(44)	(443)
De-recognition of deferred tax asset	379	292	379	292
<b>Amount recognised in OCI</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total movement</b>	<b>(135)</b>	<b>218</b>	<b>-</b>	<b>-</b>

### 3.6 Deferred tax (continued)

#### Recognition and measurement

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Deferred tax is calculated using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for accounting purposes at the reporting date.

Deferred income tax liabilities and assets are recognised for all temporary differences except for the following:

- temporary differences associated with investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled;
- where it is probable that the temporary differences will not reverse in the foreseeable future; or
- where taxable profit will not be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

#### Key estimates

The Group and Corporation have tax losses and research and development (R&D) credits that are available indefinitely for offsetting against future taxable profits. As at 30 June 2023, deferred tax assets have not been recognised in respect of capital temporary differences of \$15.1 million for the Group (2022: \$14.9 million) and \$19.6 million for the Corporation (2022: \$19.6 million), and in the form of tax losses and R&D credits of \$76.4 million for the Group and the Corporation (2022: \$34.0 million) as there are no tax planning opportunities or other evidence of recoverability in the near future.

## Section 4 - Operating capital

### 4.1 Key operating and financial risks

The Group is exposed to operational, market, credit and liquidity risks.

The board of directors oversee the management of these risks, supported by an audit and risk committee (ARC) that advises on financial risks and the appropriate financial risk governance framework for the Group.

The ARC is assisted in its governance oversight role by an internal audit function. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the ARC.

The board of directors approves policies for managing risk, which are summarised below.

#### 4.1.1 Operational risk management

Operational risk is made up of the following:

- single source supply risk; and
- climate risk.

##### **Single source supply risk**

The Group is exposed to single sources of supply in relation to both its coal and gas commodity purchases and networks access. As such these suppliers represent a significant source of failure risk and the Group seeks to protect itself by endeavouring to include protective rights under its supply contracts. Despite these contractual rights, the Group cannot entirely ensure that the supplier will continue to supply. From time to time, the Group enters into discussions with its suppliers to address any potential interruptions to supply.

##### **Climate risk**

The Group is exposed to climate risk. Whilst the demand for new technologies and carbon management are expected to grow to support decarbonisation, climate risk impacts the demand for fossil fuels and cost of insurance.

The State Government has committed to decarbonisation outcomes in the South West Interconnected System (SWIS) by 2030, with the replacement of coal by renewables and storage to support emission reductions.

Coal currently plays a critical role for baseload supply, but with an ageing fleet and growing renewables driving down average prices and increasing intra-day volatility, the role of coal is reduced. As coal is retired and use of renewables increase, the market will require investment for reliability. The Group is currently implementing strategies, including batteries and other technologies to improve flexibility and capacity.



## 4.1 Key operating and financial risks (continued)

### 4.1.2 Market risk management

Market risk is made up of the following:

- interest rate risk;
- foreign currency risk; and
- commodity price risk.

The Group enters into derivatives in order to manage market risks. All such transactions are carried out within approved guidelines. Generally, the Group seeks to apply hedge accounting in order to manage volatility in the statement of profit or loss.

All derivative activities for risk management purposes are carried out by specialist teams that have appropriate skills, experience and supervision. It is the Group's policy that no speculative trading in derivatives may be undertaken.

#### Interest rate risk

Interest rate risk is the risk that the Group's financial position will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to financial instruments with floating interest rates including long-term debt obligations and cash and short-term deposits.

The Group manages its interest rate risk by a mix of fixed and variable rate borrowings, based on management's best estimates of future market conditions. The Group's policy is to limit its exposure to changes in interest rates on borrowings to certain percentages in accordance with the duration of the borrowing.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Group		Corporation	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Financial assets	-	210,000	-	210,000
Financial liabilities	(297,168)	(321,277)	(297,168)	(321,277)
<b>Total fixed rate instruments</b>	<b>(297,168)</b>	<b>(111,277)</b>	<b>(297,168)</b>	<b>(111,277)</b>
Financial assets	300,187	236,956	298,047	235,916
Financial liabilities	(45,139)	(45,142)	(45,139)	(45,142)
<b>Total variable rate instruments</b>	<b>255,048</b>	<b>191,814</b>	<b>252,908</b>	<b>190,774</b>

## 4.1 Key operating and financial risks (continued)

For variable rate instruments, a change of 25 basis points in interest rates at the reporting date, with all other variables held constant, would have increased/ (decreased) profit or loss and other comprehensive income by the amounts shown below.

	Carrying amount	- 25 basis points		+ 25 basis points	
		Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group - 2022</b>					
Cash and cash equivalents	236,956	(592)	-	592	-
Unsecured loans and borrowings	(45,142)	113	-	(113)	-
<b>Group - 2023</b>					
Cash and cash equivalents	300,187	(750)	-	750	-
Unsecured loans and borrowings	(45,139)	113	-	(113)	-
<b>Corporation - 2022</b>					
Cash and cash equivalents	235,916	(590)	-	590	-
Unsecured loans and borrowings	(45,142)	113	-	(113)	-
<b>Corporation - 2023</b>					
Cash and cash equivalents	298,047	(745)	-	745	-
Unsecured loans and borrowings	(45,139)	113	-	(113)	-

### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating and capital expenditure. The currency giving rise to this risk is primarily the United States Dollar (USD).

## 4.1 Key operating and financial risks (continued)

The Group manages its foreign currency risk by hedging transactions. When the nature of the hedge relationship is not an economic hedge, it is the Group's policy to negotiate the terms of the hedging derivatives to match the terms of the underlying hedge items to maximise hedge effectiveness. The Group hedges its exposure to fluctuations by using foreign currency swaps and forward exchange contracts. At 30 June 2023, the Group hedged 100% of its foreign currency purchases for which highly probable forecasted transactions existed at the reporting date; the average deal rates were USD 0.6990 (2022: USD 0.7176 and EUR 0.6251).

The Group's exposure to foreign currency risk at end of the reporting period was as follows, based on notional amounts:

	USD		EUR	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Group and Corporation</b>				
Estimated forecast purchases	2,318	23,632	-	8,018
Forward exchange contracts	(2,318)	(23,632)	-	(8,018)
<b>Net exposure</b>	-	-	-	-

A 10% strengthening or weakening of the Australian dollar against the above currencies at the reporting date, with all other variables held constant, would not have a material impact on the Group's equity or the profit or loss in the current period.

### Commodity price risk

Commodity price risk arises from an electricity commodity derivative. A change of 10% in the market price of the commodity would have increased/ (decreased) profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

		-10%		+10%	
	Carrying amount	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group and Corporation</b>					
<b>2022</b>					
Embedded electricity derivatives	28,267	5,867	-	(5,867)	-
<b>2023</b>					
Embedded electricity derivatives	6,672	4,518	-	(4,518)	-

## **4.1 Key operating and financial risks (continued)**

### **4.1.3 Credit risk management**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Customer credit risk is managed under the Group's established policy, procedures and control relating to customer credit risk management. The Group has credit policies under which the creditworthiness of contestable retail and wholesale customers is assessed before credit is offered. The Group's review includes external ratings, where available. Purchase limits are established for each customer and customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis or with a security in an acceptable form. The Group regularly reviews the creditworthiness of its counterparties.

An impairment analysis is performed at each reporting date. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 4.3.

### **4.1.4 Liquidity risk management**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The liquidity position of the Group is managed to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its risk to a shortage of funds using a liquidity planning tool. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of the WATC loan facility.



## 4.1 Key operating and financial risks (continued)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	< 3 months	3-12 months	1-5 years	> 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>					
<b>Year ended 30 June 2022</b>					
Interest-bearing loans and borrowings	-	-	(45,018)	(116,235)	(161,253)
Trade and other payables	(491,092)	(107,031)	(3,880)	(1,173)	(603,176)
Lease liabilities	(11,365)	(34,094)	(171,647)	(108,066)	(325,172)
Derivatives	(993)	-	-	-	(993)
<b>Total financial liabilities</b>	<b>(503,450)</b>	<b>(141,125)</b>	<b>(220,545)</b>	<b>(225,474)</b>	<b>(1,090,594)</b>
<b>Year ended 30 June 2023</b>					
Interest-bearing loans and borrowings	-	-	(45,018)	(116,233)	(161,251)
Trade and other payables	(438,693)	(125,677)	(3,406)	(1,338)	(569,114)
Lease liabilities	(11,680)	(35,039)	(154,552)	(75,675)	(276,946)
Derivatives	(216)	-	-	-	(216)
<b>Total financial liabilities</b>	<b>(450,589)</b>	<b>(160,716)</b>	<b>(202,976)</b>	<b>(193,246)</b>	<b>(1,007,527)</b>
<b>Corporation</b>					
<b>Year ended 30 June 2022</b>					
Interest-bearing loans and borrowings	-	-	(45,018)	(116,235)	(161,253)
Trade and other payables	(491,041)	(107,031)	(3,880)	(1,173)	(603,125)
Lease liabilities	(11,365)	(34,094)	(171,647)	(108,066)	(325,172)
Derivatives	(993)	-	-	-	(993)
<b>Total financial liabilities</b>	<b>(503,399)</b>	<b>(141,125)</b>	<b>(220,545)</b>	<b>(225,474)</b>	<b>(1,090,543)</b>
<b>Year ended 30 June 2023</b>					
Interest-bearing loans and borrowings	-	-	(45,018)	(116,233)	(161,251)
Trade and other payables	(445,329)	(125,677)	(3,406)	(1,338)	(575,750)
Lease liabilities	(11,680)	(35,039)	(154,552)	(75,675)	(276,946)
Derivatives	(216)	-	-	-	(216)
<b>Total financial liabilities</b>	<b>(457,225)</b>	<b>(160,716)</b>	<b>(202,976)</b>	<b>(193,246)</b>	<b>(1,014,163)</b>

The disclosed financial derivative instruments in the above table are the gross undiscounted cash flows. These amounts may be settled gross or net, however the impact is not material on the Group.

## 4.2 Cash and short-term deposits

	Group		Corporation	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	300,187	236,956	298,047	235,916
Short-term deposits equal to and less than 3 months	-	210,000	-	210,000
<b>Total cash and cash equivalents</b>	<b>300,187</b>	<b>446,956</b>	<b>298,047</b>	<b>445,916</b>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Term deposits earn interest at fixed rates based on bank deposit rates at the inception of the term deposit. Term deposits are for varying periods of up to three months.

### Reconciliation of loss for the year to net cash flows from operating activities

	Group		Corporation	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Loss for the year	(732,735)	(429,012)	(722,646)	(423,582)
Adjustments for:				
Profit/(loss) on disposal of plant and equipment	(120)	1,384	(120)	1,384
Depreciation and amortisation	34,253	77,911	34,223	77,911
Impairment loss on trade receivables	23,561	13,344	23,561	13,344
Impairment (reversal)/loss on inventories	(933)	11,762	(933)	11,762
Impairment (reversal)/loss of other assets	(77,124)	569,484	(77,124)	569,485
Non cash interest expense	23,799	2,365	23,799	2,365
Share of profit from joint ventures	(283)	(419)	-	-
	<b>(729,582)</b>	<b>246,819</b>	<b>(719,240)</b>	<b>252,669</b>
Changes in trade and other receivables	(17,446)	(71,885)	(24,790)	(72,245)
Changes in inventories	(45,452)	13,658	(45,452)	13,658
Changes in intangible assets	14,991	(24,045)	14,991	(24,045)
Changes in derivative financial instruments	21,596	21,406	21,596	21,406
Changes in tax assets and liabilities	135	(181)	-	37
Changes in trade and other payables	(76,679)	(26,548)	(69,374)	(13,991)
Changes in provisions and others	734,617	(34,424)	723,016	(52,433)
<b>Net cash (used in)/from operating activities</b>	<b>(97,820)</b>	<b>124,800</b>	<b>(99,253)</b>	<b>125,056</b>

### 4.3 Trade and other receivables

	Group		Corporation	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Trade receivables	180,362	168,672	183,714	169,064
Unbilled receivables	222,655	215,510	227,001	215,605
Inter-group receivables	-	-	190	-
Commodity swaps	217	-	217	-
Other receivables	4,933	12,636	4,834	12,639
Prepayments	153,496	14,704	153,408	14,671
<b>Total current trade and other receivables</b>	<b>561,663</b>	<b>411,522</b>	<b>569,364</b>	<b>411,979</b>
Equipment purchase deposits	244,840	-	244,840	-
<b>Total non-current trade and other receivables</b>	<b>244,840</b>	<b>-</b>	<b>244,840</b>	<b>-</b>

#### Recognition and measurement

Trade and other receivables that do not have a significant financing component are initially recognised at their transaction price and subsequently measured at amortised cost less an allowance for expected credit losses.

Other financial assets, including commodity swaps, that do not satisfy the contractual cash flow and business model tests are subsequently measured at fair value. Subsequent fair value movements are recognised in the income statement.

Non-current equipment purchase deposits are deposits and advances for property, plant and equipment relating to the development of renewable generation and energy storage infrastructure (2022: nil).

The Group applies the 'simplified approach' to trade receivable balances. Uncollectable amounts are determined using the expected loss impairment model. Collectability and impairment are assessed on a regular basis. Subsequent recoveries of amounts previously written off are credited against impairment losses in the statement of profit or loss.

The Group's customers are required to pay in accordance with agreed payment terms. Trade receivables are not interest-bearing and are generally on terms of 7 to 30 days. For terms and conditions relating to related party receivables, refer to note 6.6.

Trade, unbilled and inter-group receivables are shown net of expected credit loss allowances.

## 4.3 Trade and other receivables (continued)

### Key estimates

#### *Allowance for expected credit losses*

The Group applies judgement when assessing expected credit losses on trade receivables. Evidence of a requirement for an allowance may include indications that the customer is experiencing significant financial difficulty, and observable data indicating a decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The following factors have been considered by the Group in assessment of expected losses for the current year:

- observable changes to customer behaviour arising from government stimulus measures and those mandated measures such as reduced disconnections;
- the electricity credits announced in May 2023 as part of the cost of living support package in the 2023-24 State Budget, including the \$500 Household Electricity Credit for EAP recipients, \$400 Household Electricity Credit for other households and a \$650 credit for small businesses consuming up to 50MWh of electricity per annum.

#### *Commodity swaps*

The Group has entered into an agreement to deliver gas to a counterparty which will be returned at a future date. The fair value of the commodity swap asset is estimated at the present value of future commodity receipts.



### 4.3 Trade and other receivables (continued)

#### Ageing of trade and inter-group receivables

	Total	Current	Past due		
			< 30 days	30-90 days	>90 days
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>					
<b>2022</b>					
Gross carrying amount	250,019	112,497	36,225	26,685	74,612
Expected credit losses	(81,347)	(5,291)	(5,206)	(9,349)	(61,501)
<b>Trade receivables</b>	<b>168,672</b>	<b>107,206</b>	<b>31,019</b>	<b>17,336</b>	<b>13,111</b>
<b>2023</b>					
Gross carrying amount	274,376	131,279	34,871	25,786	82,440
Expected credit losses	(94,014)	(6,102)	(6,134)	(10,483)	(71,295)
<b>Trade receivables</b>	<b>180,362</b>	<b>125,177</b>	<b>28,737</b>	<b>15,303</b>	<b>11,145</b>
<b>Corporation</b>					
<b>2022</b>					
Gross carrying amount	250,411	112,889	36,225	26,685	74,612
Expected credit losses	(81,347)	(5,291)	(5,206)	(9,349)	(61,501)
<b>Trade and inter-group receivables</b>	<b>169,064</b>	<b>107,598</b>	<b>31,019</b>	<b>17,336</b>	<b>13,111</b>
<b>2023</b>					
Gross carrying amount	277,918	134,713	34,871	25,786	82,548
Expected credit losses	(94,014)	(6,102)	(6,134)	(10,483)	(71,295)
<b>Trade and inter-group receivables</b>	<b>183,904</b>	<b>128,611</b>	<b>28,737</b>	<b>15,303</b>	<b>11,253</b>

#### Allowance for expected credit losses

As at 30 June 2023, an allowance for expected credit losses on trade receivables of \$94.0 million (2022: \$81.3 million) and \$22.8 million (2022: \$22.1 million) on unbilled receivables was recognised in the Group and in the Corporation.

	Group		Corporation	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Allowance for impairment of receivables</b>				
Balance at 1 July	(103,443)	(101,757)	(103,443)	(101,757)
Charge for the year, net of recoveries	(23,561)	(13,344)	(23,561)	(13,344)
Amounts written-off during the year	10,240	11,658	10,240	11,658
<b>Balance as at 30 June</b>	<b>(116,764)</b>	<b>(103,443)</b>	<b>(116,764)</b>	<b>(103,443)</b>

### 4.3 Trade and other receivables (continued)

The Group's expected credit loss allowance for receivables is made up of items that have been individually assessed to be impaired and items that have been collectively assessed to be impaired. The model provides a specific provision for customers who are already assessed to be impaired, and a collective provision for the balance of the portfolio utilising a statistical approach to predict an eventual loss event based on the:

- probability of default: likelihood that a customer will not be able to meet their obligation to pay;
- loss given default: for customers in default - the exposure likely to be lost; and
- exposure default: exposure at the point when a customer enters default.

This methodology is forward looking and enables the use of early warning detection techniques to identify emerging risks in the portfolio driven by systematic and unsystematic factors.

### 4.4 Inventories

	Group		Corporation	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Fuel	113,460	79,624	113,460	79,624
Spares and consumables	29,451	16,902	29,451	16,902
<b>Total inventories</b>	<b>142,911</b>	<b>96,526</b>	<b>142,911</b>	<b>96,526</b>

#### Recognition and measurement

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Inventories determined to be obsolete or damaged are written down to net realisable value, being the estimated selling price less selling costs. Spares and consumables include adjustments to revalue at the lower of cost and net realisable value of \$46.6 million (2022: \$48.4 million).

During 2023 the Corporation sourced fuel inventories from interstate to mitigate the risk of possible coal supply disruptions, funded in part by the SSTP. \$5.3 million of inventory write-downs have been recognised as an expense to revalue at the lower of cost and net realisable value.

## 4.5 Trade and other payables

	Group		Corporation	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Trade payables and accruals	515,160	591,335	521,796	591,284
Other payables	44,861	3,695	44,861	3,695
Accrued salaries	5,981	5,442	5,981	5,442
Interest accrued	1,029	786	1,029	786
<b>Total current trade and other payables</b>	<b>567,031</b>	<b>601,258</b>	<b>573,667</b>	<b>601,207</b>
Deferred costs	2,083	1,918	2,083	1,918
<b>Total non-current trade and other payables</b>	<b>2,083</b>	<b>1,918</b>	<b>2,083</b>	<b>1,918</b>

### Recognition and measurement

Trade and other payables are recognised initially at fair value net of transaction costs and subsequently at amortised cost. For terms and conditions relating to related party payables, refer to note 6.6.

During 2023 the Corporation received \$419.6 million (net of GST) from the State Government to provide a \$400 electricity credit for residential households, announced as part of the 2022-23 State Budget and allocated to customer accounts in July 2022. At 30 June 2023, trade payables and accruals include an amount of \$14.7 million (2022: \$22.3 million), representing the credit balance on customer accounts for the unutilised portion of one-off government credits.

## 4.6 Deferred income

	Group		Corporation	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Current	7,572	4,656	7,572	4,656
Non-current	2,667	3,077	2,667	3,077
<b>Deferred income</b>	<b>10,239</b>	<b>7,733</b>	<b>10,239</b>	<b>7,733</b>
<b>Represented by:</b>				
Deferred lease income	7,161	3,488	7,161	3,488
Unearned revenue	3,078	4,245	3,078	4,245
<b>Deferred income</b>	<b>10,239</b>	<b>7,733</b>	<b>10,239</b>	<b>7,733</b>

### Recognition and measurement

#### *Deferred lease income*

The Group received an upfront lease payment in relation to the Emu Downs Wind Farm (EDWF) off-take agreement, which was recorded at cost, deferred and recognised as revenue on a straight-line basis over the term of the lease.

#### *Unearned revenue*

The Group receives prepaid amounts from the sale of energy, which are deferred and recognised upon delivery.



## Section 5 - Invested capital

### 5.1 Property, plant and equipment

Group	Note	Land	Buildings	Plant and equipment	Work in progress	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>At Cost</b>						
Balance at 1 July 2021		6,334	161,174	2,561,905	54,219	2,783,632
Additions		-	1,453	13,091	165,830	180,374
Transfers	5.2	-	2,473	(2,678)	(28,779)	(28,984)
Disposals/ write-off		-	-	(49,782)	-	(49,782)
Decommissioning adjustment	5.4	-	-	37,744	-	37,744
<b>Balance at 30 June 2022</b>		<b>6,334</b>	<b>165,100</b>	<b>2,560,280</b>	<b>191,270</b>	<b>2,922,984</b>
Balance at 1 July 2022		6,334	165,100	2,560,280	191,270	2,922,984
Additions		-	6	39,243	81,236	120,485
Transfers	5.2	-	-	42,355	(43,910)	(1,555)
Disposals/ write-off		-	(508)	(314)	-	(822)
Decommissioning adjustment	5.4	-	-	17,433	-	17,433
<b>Balance at 30 June 2023</b>		<b>6,334</b>	<b>164,598</b>	<b>2,658,997</b>	<b>228,596</b>	<b>3,058,525</b>
<b>Depreciation and impairment</b>						
Balance at 1 July 2021		(2,064)	(113,764)	(1,912,363)	(1,229)	(2,029,420)
Annual depreciation charge		-	(3,204)	(46,553)	-	(49,757)
Impairment		-	(33,228)	(460,302)	-	(493,530)
Transfers		-	-	17,132	1,229	18,361
Disposals/ write-off		-	-	48,316	-	48,316
<b>Balance at 30 June 2022</b>		<b>(2,064)</b>	<b>(150,196)</b>	<b>(2,353,770)</b>	<b>-</b>	<b>(2,506,030)</b>
Balance at 1 July 2022		(2,064)	(150,196)	(2,353,770)	-	(2,506,030)
Annual depreciation charge		-	(1,475)	(24,357)	-	(25,832)
Impairment		2,064	17,215	87,272	-	106,551
Disposals/ write-off		-	413	312	-	725
<b>Balance at 30 June 2023</b>		<b>-</b>	<b>(134,043)</b>	<b>(2,290,543)</b>	<b>-</b>	<b>(2,424,586)</b>
<b>Carrying amount</b>						
At 30 June 2022		4,270	14,904	206,510	191,270	416,954
<b>At 30 June 2023</b>		<b>6,334</b>	<b>30,555</b>	<b>368,454</b>	<b>228,596</b>	<b>633,939</b>

## 5.1 Property, plant and equipment (continued)

Corporation	Note	Land	Buildings	Plant and equipment	Work in progress	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>At Cost</b>						
Balance at 1 July 2021		6,334	161,174	2,561,905	54,219	2,783,632
Additions		-	1,453	13,091	165,830	180,374
Transfers	5.2	-	2,473	(2,678)	(28,779)	(28,984)
Disposals/ write-off		-	-	(49,782)	-	(49,782)
Decommissioning adjustment	5.4	-	-	37,744	-	37,744
<b>Balance at 30 June 2022</b>		<b>6,334</b>	<b>165,100</b>	<b>2,560,280</b>	<b>191,270</b>	<b>2,922,984</b>
Balance at 1 July 2022		6,334	165,100	2,560,280	191,270	2,922,984
Additions		-	6	38,912	81,236	120,154
Transfers	5.2	-	-	42,355	(43,910)	(1,555)
Disposals/ write-off		-	(508)	(314)	-	(822)
Decommissioning adjustment	5.4	-	-	17,433	-	17,433
<b>Balance at 30 June 2023</b>		<b>6,334</b>	<b>164,598</b>	<b>2,658,666</b>	<b>228,596</b>	<b>3,058,194</b>
<b>Depreciation and impairment</b>						
Balance at 1 July 2021		(2,064)	(113,764)	(1,912,363)	(1,229)	(2,029,420)
Annual depreciation charge		-	(3,204)	(46,553)	-	(49,757)
Impairment		-	(33,228)	(460,302)	-	(493,530)
Transfers		-	-	17,132	1,229	18,361
Disposals/ write-off		-	-	48,316	-	48,316
<b>Balance at 30 June 2022</b>		<b>(2,064)</b>	<b>(150,196)</b>	<b>(2,353,770)</b>	<b>-</b>	<b>(2,506,030)</b>
Balance at 1 July 2022		(2,064)	(150,196)	(2,353,770)	-	(2,506,030)
Annual depreciation charge		-	(1,475)	(24,327)	-	(25,802)
Impairment		2,064	17,215	87,272	-	106,551
Disposals/ write-off		-	408	312	-	720
<b>Balance at 30 June 2023</b>		<b>-</b>	<b>(134,048)</b>	<b>(2,290,513)</b>	<b>-</b>	<b>(2,424,561)</b>
<b>Carrying amount</b>						
At 30 June 2022		4,270	14,904	206,510	191,270	416,954
<b>At 30 June 2023</b>		<b>6,334</b>	<b>30,550</b>	<b>368,153</b>	<b>228,596</b>	<b>633,633</b>

## 5.1 Property, plant and equipment (continued)

### Recognition and measurement

#### *Property, plant and equipment*

Property, plant and equipment (PPE) is stated at cost, net of accumulated depreciation and impairment losses.

Costs include costs of purchase, delivery, and installation, and borrowing costs for long-term construction projects. When significant parts of PPE are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Repair and maintenance costs are recognised in the statement of profit or loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to provisions (note 5.4) for further information about the decommissioning provision.

#### *Depreciation*

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Leased assets and leasehold improvements are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives for the current and comparative periods are as follows:

- Buildings 10 – 40 years
- Plant and equipment 2 – 45 years

Land is not depreciated. Work in progress (WIP) is not amortised until the assets are completed and ready for use.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

#### *Assets held for sale*

Assets are held for sale when value is recovered through sale rather than continued use. They must be immediately available for sale, and a sale must be highly probable. Assets held for sale are measured at the lower of carrying value and fair value less cost to sell. Where fair value is less than the asset's carrying value an impairment loss is recognised in the statement of profit or loss.

There were no assets held for sale at 30 June 2023 (2022: \$5.4 million).

### Key estimates

#### *Property, plant and equipment*

In determining the useful lives of the Group's generation assets, assumptions and estimates are made in relation to the period over which an asset is expected to be available for use. Judgement extends to include the intended design life and the operating and maintenance regime of the fleet, and notional plant retirement dates.

When there are changes in the assumptions on plant retirement dates, the Group has determined that either an extension or reduction in the useful life of certain generation assets is required to align with the current management assumptions, as used in the decommissioning provision. There was no change in the annual depreciation expense in 2023 (2022: no change).

## 5.1 Property, plant and equipment (continued)

### Impairment

The Group assesses at each reporting date, whether there is an indication of impairment or, where an impairment has previously been recognised, an indication of impairment reversal. If any indication of impairment or impairment reversal exists, or where annual impairment testing is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or cash-generating unit's (CGU) fair value less costs of disposal (FVLCD) and its value in use (VIU). Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets previously impaired, if the recoverable amount exceeds the carrying amount, the impairment is reversed, but only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been recognised if no impairment had occurred.

The principal changes since the last assessment at 30 June 2022 are:

- additional green power infrastructure capital expenditure (wind generation and battery storage) due to supply chain constraints and commodity price increases;
- estimated regulated electricity price increases capped at consumer price index; and
- the discount rate as a consequence of increasing interest rates.

As a result of these impairment indicators, an impairment assessment was performed on the following CGUs:

- Electricity CGU comprises electricity generation and retail and wholesale electricity sales, through the Group's portfolio of generating assets and power purchase agreements.
- Gas Trading CGU comprises trading of gas in the retail and wholesale market. As there are no assets allocated to the Gas Trading CGU, an impairment assessment is not required.

Both VIU and FVLCD were assessed to determine the recoverable amount of the Electricity CGU:

- The VIU was calculated using a 20-year discounted cashflow model incorporating the dispatch profile of each generating unit in the portfolio, and a terminal value. The pre-tax discount rate used in the VIU calculation is 11.1%. The recoverable amount under the VIU model was determined to be nil (2022: \$401.8 million).
- As a result of the VIU model indicating no recoverable amount for the CGU, an external valuer was engaged to inform the FVLCD assessment across the Group's assets at 30 June 2023. The recoverable amount under the FVLCD assessment was \$633.9 million. The key assumptions utilised in the valuation are detailed below.

As a result of management's assessment, an impairment reversal of \$77.1 million (2022: \$569.5 million loss) was recognised in impairment expenses and allocated to PPE, intangible assets (refer to note 5.2) and right of use assets (refer to note 5.3).

#### *Fair value less costs of disposal assumptions*

The fair value of the CGU assets is the price that would be received in an orderly transaction between market participants at 30 June 2023. It has been assessed that the highest and best use of the CGU assets are continuation of existing use.



## 5.1 Property, plant and equipment (continued)

To arrive at fair value, market, income and cost valuation methodologies were considered:

- The market approach was not considered appropriate as the assets of the CGU are highly specialised and rarely traded on the open market, resulting in limited comparable sales evidence.
- The income approach was not considered appropriate as it is not possible to reliably attribute an income stream to individual assets, since all assets forming part of the CGU contribute to earnings as a portfolio of assets including working capital and intangible assets.
- A lack of reliable market-based evidence for the assets of the CGU resulted in the cost approach being considered the most appropriate basis to determine fair value.

The cost approach involved the establishment of a replacement cost new of the individual assets of the CGU, and then depreciating the cost over the asset's normal useful life to reflect its effective age, with due regard made to an estimated end-of-life residual value. It is based on the principle that the price a buyer in the market would pay for the assets would not be more than the cost to assemble or construct an equivalent asset. This is commonly referred to as the depreciated replacement cost approach.

A cost of disposal for each of the group's assets was incorporated based on estimated decommissioning liabilities for each of the assets, and transaction costs likely to be incurred in any sale of such an asset.

### *Sensitivity analysis*

There are significant assumptions and estimates used in the preparation of the VIU calculation used for assessing impairment. These include non-contestable electricity prices and the discount rate.

Significant assumption		Sensitivity of the input to the CGU
Electricity tariff prices	Prices are capped at 2.5% in line with the approved price path in the 2023-24 State Budget for non-contestable residential and small business tariffs.	1.0% increase in FY 2028 would result in an increase in the recoverable amount of \$172.6 million.
Discount rate	The current market assessment of the risks specific to the Electricity CGU.	0.50% increase would result in a decrease in the recoverable amount of \$134.4 million.
Capital expenditure	An estimated \$4.6 billion will be invested to replace the capacity lost by the retirement of coal power stations with wind and storage assets.	1.0% increase in construction costs would result in a decrease in the recoverable amount of \$42.4 million.

A sensitivity analysis has not been performed on the FVLCD assessment due to the nature of the valuation approach, being depreciated replacement cost.

### *Impact of climate change related risk*

The estimated recoverable amount used in the impairment analysis considers climate change risk through the adjustment of cash inflows associated with the planned closure of all coal fired generation assets. Any further change to the planned closure dates of coal and gas-fired generation plants as a result of climate change or any change in climate policy may have a material impact on the SWIS and may result in a material change to Synergy's estimated cashflows.

## 5.2 Intangible assets

Group and Corporation	Note	Computer software	Environment certificates	Sale agreements	Total
		\$'000	\$'000	\$'000	\$'000
<b>At Cost</b>					
Balance at 1 July 2021		217,388	29,670	17,524	264,582
Additions		6,404	200,300	-	206,704
Transfers from WIP	5.1	5,422	-	-	5,422
Disposals/ surrenders		(26,374)	(176,256)	-	(202,630)
<b>Balance at 30 June 2022</b>		<b>202,840</b>	<b>53,714</b>	<b>17,524</b>	<b>274,078</b>
Balance at 1 July 2022		202,840	53,714	17,524	274,078
Additions		2,490	230,440	-	232,930
Transfers from WIP	5.1	1,555	-	-	1,555
Disposals/ surrenders		(584)	(245,429)	-	(246,013)
<b>Balance at 30 June 2023</b>		<b>206,301</b>	<b>38,725</b>	<b>17,524</b>	<b>262,550</b>
<b>Amortisation and impairment</b>					
Balance at 1 July 2021		(180,801)	-	(14,254)	(195,055)
Annual amortisation charge		(12,254)	-	(3,016)	(15,270)
Transfers		(13)	-	-	(13)
Disposals		26,229	-	-	26,229
Impairment		(24,852)	-	(174)	(25,026)
<b>Balance at 30 June 2022</b>		<b>(191,691)</b>	<b>-</b>	<b>(17,444)</b>	<b>(209,135)</b>
Balance at 1 July 2022		(191,691)	-	(17,444)	(209,135)
Annual amortisation charge		(4,155)	-	(80)	(4,235)
Disposals		529	-	-	529
Impairment	5.1	(10,683)	-	-	(10,683)
<b>Balance at 30 June 2023</b>		<b>(206,000)</b>	<b>-</b>	<b>(17,524)</b>	<b>(223,524)</b>
<b>Carrying amount- current</b>					
Balance at 30 June 2022		-	53,714	80	53,794
<b>Balance at 30 June 2023</b>		<b>-</b>	<b>38,725</b>	<b>-</b>	<b>38,725</b>
<b>Carrying amount- non-current</b>					
Balance at 30 June 2022		11,149	-	-	11,149
<b>Balance at 30 June 2023</b>		<b>301</b>	<b>-</b>	<b>-</b>	<b>301</b>

## 5.2 Intangible assets (continued)

### Recognition and measurement

Intangible assets acquired separately are measured, on initial recognition, at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Environmental certificates purchased from external sources are recognised at the weighted average cost of purchase.

Internally generated intangible assets include costs that meet the recognition criteria for development costs only, as research costs are expensed as incurred. Development costs include the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses.

Where the Group has entered into a cloud computing or software as a service arrangement, costs relating to licensing, configuration and customisation are expensed as incurred unless increasing the future economic benefits flowing from the Groups existing assets.

### *Amortisation and impairment*

Intangible assets with finite lives are amortised on a straight-line basis over the period of expected future benefits.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The estimated useful lives for the current and comparative periods are as follows:

- Software 2 – 10 years
- Sales and purchase agreements 10 – 15 years

The Group's environmental certificates are not amortised.

The Group assesses, at each reporting date, whether there is an indication of impairment or impairment reversal for those assets which have previously been impaired. If any indication exists, or where annual impairment testing is required, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

### Key estimates

#### *Software as a service arrangements*

When determining if a cloud computing or software as a service arrangement contains an asset, judgement is required around control of the software and the treatment of customisation and configuration costs.

## 5.3 Right of use assets and lease liabilities

### 5.3.1 Right of use assets

Group and Corporation	Note	Buildings	Power purchase agreements	Other	Total
		\$'000	\$'000	\$'000	\$'000
<b>At Cost</b>					
Balance at 1 July 2021		22,236	285,260	1,749	309,245
Additions		304	-	1,070	1,374
<b>Balance at 30 June 2022</b>		<b>22,540</b>	<b>285,260</b>	<b>2,819</b>	<b>310,619</b>
Balance at 1 July 2022		22,540	285,260	2,819	310,619
Additions		1,959	-	335	2,294
Leases re-measurement		(2,211)	-	-	(2,211)
Disposals/ write-off		(136)	-	(372)	(508)
<b>Balance at 30 June 2023</b>		<b>22,152</b>	<b>285,260</b>	<b>2,782</b>	<b>310,194</b>
<b>Depreciation and impairment</b>					
Balance at 1 July 2021		(12,294)	(210,696)	(970)	(223,960)
Annual depreciation charge		(2,498)	(9,779)	(607)	(12,884)
Impairment		(5,348)	(44,722)	(858)	(50,928)
<b>Balance at 30 June 2022</b>		<b>(20,140)</b>	<b>(265,197)</b>	<b>(2,435)</b>	<b>(287,772)</b>
Balance at 1 July 2022		(20,140)	(265,197)	(2,435)	(287,772)
Annual depreciation charge		(458)	(3,028)	(700)	(4,186)
Impairment	5.1	(1,690)	(17,035)	(19)	(18,744)
Disposals/ write-off		136	-	372	508
<b>Balance at 30 June 2023</b>		<b>(22,152)</b>	<b>(285,260)</b>	<b>(2,782)</b>	<b>(310,194)</b>
<b>Carrying amount</b>					
At 30 June 2022		2,400	20,063	384	22,847
<b>At 30 June 2023</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Group has lease contracts for office buildings, power purchase agreements (PPA), motor vehicles and office equipment. The Group also has leases of equipment with terms of less than 12 months or with low value, to which the Group applies the short-term and lease of low-value recognition exemptions.

#### Recognition and measurement

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises right of use (ROU) assets at the commencement date of the lease. ROU assets are measured at cost, net of accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.



## 5.3 Right of use assets and lease liabilities (continued)

ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings and other 2 – 10 years
- Power purchase agreements 15 – 25 years

### 5.3.2 Lease liabilities

	Group		Corporation	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Current	24,577	21,344	24,577	21,344
Non-current	156,478	183,821	156,478	183,821
<b>Total lease liability</b>	<b>181,055</b>	<b>205,165</b>	<b>181,055</b>	<b>205,165</b>

In September 2022, the Group entered into a new office building lease agreement for an initial period of ten years with an option to renew for two periods of five years from expiry of the initial term. The Group also lodged a two year notice to terminate the current corporate office building lease. As a result of termination, the lease liabilities and ROU assets have been revalued which resulted in a revaluation profit of \$2.0 million recognised in other operating income.

#### Recognition and measurement

Lease liabilities are initially measured at the present value of future fixed lease payments net of cash lease incentives that are not paid at the balance date. To calculate the present value, where the implicit interest rate is not readily determinable, payments are discounted using the Group's incremental borrowing rate. Subsequently, lease liabilities are remeasured when there is a modification or change in lease terms.

Variable lease payments are recognised as an expense in the period in which the condition that triggers the payment occurs. Total variable lease payments of \$115.6 million (2022: \$121.2 million) are included in cost of sales.

Lease payments on short-term or low value leased assets are recognised as expense on a straight-line basis over the lease term.

#### Key estimates

##### *Lease term options*

Judgement is applied when determining if it is reasonably certain whether or not to exercise an option to renew or terminate a lease. Factors considered include economic incentives, operational risk and strategic objectives. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

##### *Interest rates*

Where the Group cannot readily determine the interest rate implicit in the lease it uses discount rates sourced from the WATC as its incremental borrowing rate to measure lease liabilities.

## 5.4 Provisions

	Note	Decom. provision	Commodity swaps	Renewable energy certificates	Onerous contracts	Other provisions	Total
Group and Corporation		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021		402,520	149,255	47,076	175,098	42,248	816,197
Recognised in profit or loss		5,624	(8,208)	194,546	6,600	37,820	236,382
Utilised		(31,757)	(20,254)	(176,253)	(29,340)	(2,649)	(260,253)
Change in assumptions in PPE	5.1	37,744	-	-	-	-	37,744
Reversed during the year		-	-	(1,171)	(500)	(30,163)	(31,834)
Unwinding of discount		727	964	-	1,142	-	2,833
<b>Balance at 30 June 2022</b>		<b>414,858</b>	<b>121,757</b>	<b>64,198</b>	<b>153,000</b>	<b>47,256</b>	<b>801,069</b>
Balance at 1 July 2022		414,858	121,757	64,198	153,000	47,256	801,069
Recognised in profit or loss		11,342	14,429	185,994	773,712	5,669	991,146
Utilised		(21,592)	(19,960)	(185,980)	(12,849)	(6,296)	(246,677)
Change in assumptions in PPE	5.1	17,433	-	-	-	-	17,433
Reversed during the year		(3,461)	-	(8,145)	-	-	(11,606)
Unwinding of discount		14,472	5,254	-	5,218	-	24,944
<b>Balance at 30 June 2023</b>		<b>433,052</b>	<b>121,480</b>	<b>56,067</b>	<b>919,081</b>	<b>46,629</b>	<b>1,576,309</b>
<b>2022</b>							
<b>Current</b>		48,323	19,901	64,198	7,631	4,843	144,896
<b>Non-current</b>		366,535	101,856	-	145,369	42,413	656,173
		<b>414,858</b>	<b>121,757</b>	<b>64,198</b>	<b>153,000</b>	<b>47,256</b>	<b>801,069</b>
<b>2023</b>							
<b>Current</b>		48,313	31,349	56,067	73,074	1,212	210,015
<b>Non-current</b>		384,739	90,131	-	846,007	45,417	1,366,294
		<b>433,052</b>	<b>121,480</b>	<b>56,067</b>	<b>919,081</b>	<b>46,629</b>	<b>1,576,309</b>

### Recognition and measurement

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### Decommissioning provision

The Group has recognised a provision for decommissioning obligations associated with the facilities owned by the Group. Recognition of a provision is consistent with the Group's policies and applicable legal requirements.

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The unwinding of the discount is recognised in the statement of profit or loss as a finance cost. Changes in the estimated future costs, useful lives or in the discount rate applied are added to or deducted from the cost of the asset or in the income statement for assets that have reached the end of life.

## 5.4 Provisions (continued)

### *Commodity Swaps*

Under long-term gas swap agreements entered into from 2012, the Group has been receiving gas from various counterparties and is obliged to return gas in the future. The gas agreements are entered into for the purpose of providing flexibility in managing the Group's fuel requirements.

Provision for commodity swaps is recognised at the present value of expected costs to settle the obligation using estimated cash flows. The unwinding of the discount is recognised in the statement of profit or loss as a finance cost. Changes in the estimated future costs are recognised as an expense in the statement of profit or loss.

### *Renewable energy certificates*

*The Renewable Energy (Electricity) Act 2000* requires electricity wholesale purchasers to source specified amounts of electricity from renewable energy sources and imposes an annual liability on the Group.

The provision for renewable energy certificates (RECs) is measured at the estimated cost of settling the obligation, being the weighted average cost of RECs held at the date of surrender, less any internally generated RECs on hand. At period end any shortfall in certificates is measured at market value. The liability is expensed in the statement of profit or loss as cost of sales.

### *Onerous contracts*

The Group has supply agreements and sales contracts where the unavoidable costs of meeting the obligations under the agreements exceed the economic benefits the Group is expected to receive from fulfilling the contract. A provision for onerous contracts has been recognised as the net present value of unavoidable net costs i.e. the difference between expected revenue and the costs to fulfil the agreements. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities.

Assets associated with the fulfilment of these contracts have been assessed for indicators of impairment, and written down to their recoverable amount, before a separate provision for onerous contracts is recognised.

As a result of management's assessment, an additional provision for onerous contracts of \$773.7 million was recognised in 2023 (2022: \$6.1 million). This additional provision for onerous contracts contributed to a net deficit and greater net asset deficiency for the year ended 30 June 2023 (refer to note 6.1).

## 5.4 Provisions (continued)

### Key estimates

#### *Decommissioning provision*

In determining the amount of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to decommission the site, and the expected timing of those costs. Judgement extends to include the anticipated removal date, impact of future environmental legislation, extent of reclamation activities required, engineering methodology for estimating costs, future removal technologies in determining removal cost, and asset specific discount rates to determine the present value of these cash flows.

During 2022 the Group engaged an independent expert to estimate the future decommissioning costs. The mid-point of the estimate range, which represents the probability weighted average of the possible scenarios, estimated by the expert, was adopted as the basis for calculating the provision. Because of the long-term nature of the liability, there is significant estimation risk around the estimated decommissioning costs that will be incurred. The Group has assumed the sites will be restored using the technology and materials that are currently available.

#### *Commodity Swaps*

The commodity swap liability represents the value of the obligation to return gas. In determining the amount of the provision, assumptions and estimates are made in relation to discount rates, future commodity prices and the expected timing of the gas returns.

#### *Onerous contracts*

The onerous contract assessment requires the Group to make estimates regarding the unavoidable costs and the expected economic benefits from the contract. These estimates require significant judgement and are subject to risk and uncertainty.

In determining the amount of the provision, assumptions and estimates are made in relation to discount rates, the expected revenue and costs including excess quantity not used, and the expected timing of these cash flows. The market yields on corporate bonds as published by the Group of 100 for fixed long-term borrowings of similar durations has been used to discount the cashflows.

Electricity dispatch modelling is utilised to model probable demand and supply of the Group and other market participants over the life of the contracts. This modelling projects customer electricity demand, generation plant mix, fuel consumption levels and electricity purchase requirements, which have a material impact on the projected cost to supply electricity and the level of excess fuel or commodity purchases beyond requirements.

The onerous contract provision of the group estimates the cost of key inputs in future years, such as fuel and trading commodities, based on market reports prepared by specialists and tendering or commercial negotiation activities in recent years. A sensitivity analysis on these inputs is provided.

#### **Significant assumption**

#### **Sensitivity of the input**

##### **Projected cost to supply electricity and purchase commodities**

Key costs to supply electricity include direct fuel costs, preventative and corrective maintenance and market electricity purchases

10% increase in supply costs would result in an increase in the provision of \$237.7 million

##### **Discount rate**

The current market assessment of the risks specific to the onerous contract liability

1% in discount rates would result in a decrease in the provision of \$47.1 million



## 5.5 Derivative financial instruments

	Group		Corporation	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Forward exchange contracts- cash flow hedge	740	401	740	401
<b>Total current financial assets through OCI</b>	<b>740</b>	<b>401</b>	<b>740</b>	<b>401</b>
Electricity derivatives - embedded current	1,463	5,302	1,463	5,302
Electricity derivatives - embedded non-current	5,209	22,965	5,209	22,965
<b>Total financial assets through profit or loss</b>	<b>6,672</b>	<b>28,267</b>	<b>6,672</b>	<b>28,267</b>
<b>Total financial assets at fair value</b>	<b>7,412</b>	<b>28,668</b>	<b>7,412</b>	<b>28,668</b>
Forward exchange contracts - cash flow hedge	216	993	216	993
<b>Total financial liabilities through OCI</b>	<b>216</b>	<b>993</b>	<b>216</b>	<b>993</b>

The Group uses derivative financial instruments, such as forward currency contracts and forward commodity contracts, to hedge its foreign currency risks and commodity price risks.

### *Forward exchange contracts*

When the Group has expected foreign currency denominated purchases, foreign exchange forward contracts are entered into and designated as hedging instruments in cash flow hedges. These expected transactions are highly probable, and they comprise 100% of the Group's total expected purchases in foreign currencies. Where the period of the underlying transaction is less than 12 months, foreign exchange forward contracts are not generally designated as cash flow hedges.

The foreign exchange forward contract balances vary with the level of expected foreign currency purchases and changes in foreign exchange forward rates. The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arises requiring recognition through the statement of profit or loss.

### *Electricity derivatives*

Electricity derivatives are the contract-for-difference component of some electricity trading contracts the Group has entered into. These electricity derivatives have been separated and are carried at fair value through profit or loss. These financial instruments reflect the change in fair value of electricity derivatives that are not designated in hedge relationships but are nevertheless intended to reduce the level of commodity price risk.

## 5.5 Derivative financial instruments (continued)

### Recognition and measurement

Derivative financial instruments are classified, at initial recognition, as either financial assets or liabilities at fair value through profit or loss, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Financial assets and liabilities at fair value through profit or loss are measured at fair value with net changes in fair value presented as finance costs or finance income in the statement of profit or loss.

#### *Hedging*

Derivatives that are designated within qualifying hedge relationships are initially recognised at fair value on the date the contract is entered into.

For relationships designated as fair value hedges, subsequent fair value movements are recognised in the statement of profit or loss. For relationships designated as cash flow hedges, subsequent fair value movements for the effective portion of the hedge are recognised in other comprehensive income and accumulated in reserves; fair value movements for the ineffective portion are recognised immediately in the statement of profit or loss.

#### *Fair value*

Fair value is the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When the fair values cannot be measured using quoted prices in active markets, it is measured using valuation techniques considered appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs.

### Fair value of derivative financial instruments

The following were used to estimate the fair values of the Group's derivative financial instruments:

- fair values of foreign exchange forward contracts are determined using the deal rates and the forward curve rates to maturity, discounted using the base currencies discount curve. Curves used are those published by financial institutions at the end of the reporting period; and
- fair value of electricity derivatives is determined using the discounted cash flow method. Internally projected forward electricity price is used to calculate the forward price curve. These are discounted using the market yields on corporate bonds as published by the Group of 100 for fixed long-term borrowings of similar durations.

All assets and liabilities for which fair value is measured are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole.

## 5.5 Derivative financial instruments (continued)

The following table provides the hierarchy of the Group's financial instruments measured at fair value:

	Total	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
<b>2022</b>				
Electricity derivatives - embedded	28,267	-	-	28,267
Forward exchange contracts - cash flow hedge	(592)	-	(592)	-
<b>2023</b>				
Electricity derivatives - embedded	6,672	-	-	6,672
Forward exchange contracts - cash flow hedge	524	-	524	-

For recurring assets and liabilities, there were no transfers between Level 1 and Level 2 during the reporting period.

	2023	2022
	\$'000	\$'000
<b>Reconciliation of Level 3 financial instruments</b>		
Opening balance	28,267	49,672
Unwinding	(5,302)	(7,372)
Revaluation	(16,293)	(14,033)
<b>Closing balance</b>	<b>6,672</b>	<b>28,267</b>

### Key estimates

#### *Electricity derivatives*

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates of the forward electricity price and the discount rate. The inputs to these models are taken from observable markets where possible, but where this is not feasible a degree of judgement is required by management in establishing fair values. Changes in assumptions could affect the reported fair value of financial instruments. The following are the significant unobservable inputs in the electricity derivatives:

- internally projected forward electricity price – a 10% increase/ (decrease) would result in a decrease/ (increase) in fair value by \$4.5 million.
- discount rate – a 1% increase/ (decrease) would result in an insignificant change in fair value.
- internally projected sales volumes – a 10% increase/ (decrease) would result in a decrease/ (increase) in fair value by \$0.7 million.

## 5.6 Interest bearing loans and borrowings

			Group		Corporation	
			2023	2022	2023	2022
	Interest rate	Maturity	\$'000	\$'000	\$'000	\$'000
Unsecured borrowings	0.47% - 4.23%	Jan-30	161,130	161,130	161,130	161,130
Secured borrowings	3.13%	Jun-30	121	123	121	123
<b>Total interest-bearing loans and borrowings</b>			<b>161,251</b>	<b>161,253</b>	<b>161,251</b>	<b>161,253</b>

### *Unsecured borrowings*

This loan has been drawn down under a Master Lending Agreement with WATC. The fair value of the unsecured borrowings at 30 June 2023 is \$150.6 million (2022: \$150.2 million). There is no fixed term on this facility. The loans drawn under the facility are repayable at dates designated at drawdown and are classified as short-term or long-term based on each loan's maturity as at the reporting date.

At 30 June 2023, the Group had an approved borrowing limit of \$211.0 million (2022: \$280.0 million), of which \$161.1 million has been utilised (2022: \$161.1 million). In addition, the Group also had \$125.0 million of undrawn committed working capital facility from WATC (2022: \$125.0 million).

Based on the best estimate at the balance date taking into account the cash and bank balances and the undrawn balance available from the above facilities, the Group is in a position to pay its debts as and when they fall due for payment.

### **Classification**

As at 30 June 2023, the non-current unsecured borrowings of \$161.1 million included an amount of \$20.1 million that will become due and payable during the 2024 reporting year. It is the Group's expectation and discretion that this amount will be refinanced under the master lending agreement with the WATC rather than repaid, and therefore has been classified as non-current. This is supported by:

- a master lending agreement with the WATC that allows the Group to refinance all or any part of maturing debt at regular intervals; and
- the approval of the Group's forecast borrowing requirements for the next four years, including no repayment of amounts classified as non-current above, in the 2023-24 Western Australian State Budget handed down in May 2023.

### **Recognition and measurement**

Loans and borrowings are initially recognised at fair value, net of directly attributable transaction costs, and are subsequently measured at amortised cost.



## Section 6 - Other items

### 6.1 Contributed equity, accumulated losses and reserves

#### Contributed equity

	Group		Corporation	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Contributed equity	1,886,445	1,448,445	1,886,445	1,448,445

Contributed equity comprises contributions by the owner, the State Government of Western Australia.

The initial contribution by owner was made on 1 April 2006 and comprised assets and liabilities transferred from Western Power Corporation. On 1 January 2014, an additional contribution was received in the form of a transfer of the assets and liabilities from the former Electricity Retail Corporation. Contributions of assets and liabilities, under a restructure of administrative arrangements, are recognised at their carrying values through equity as capital contribution by owner.

During the year, the Group received \$438.0 million (2022: \$155.7 million) in additional equity contributions from the State Government of Western Australia to fund the development of renewable generation and energy storage infrastructure to replace its coal-fired generation assets by 2030.

#### Net deficit

As at 30 June 2023, the Group incurred a loss of \$732.7 million (2022: \$429.0 million), net operating cash outflows of \$97.8 million (2022: \$124.8 million net inflows) and its financial position indicates current net assets of \$199.3 million (2022: \$208.4 million) and a net asset deficiency of \$604.6 million (2022: \$311.7 million). The net asset deficiency is primarily driven by impairment (note 5.1) and onerous contracts provision (note 5.4) movements. Although these movements are reflected in the consolidated profit and loss for the year ended 30 June 2023, there is no impact to the Group's short-term liquidity position or its ability to pay its debts as and when they fall due for payment. Net assets are expected to return positive in 2024 supported by additional government equity contributions of \$1,586 million from the State Government of Western Australia for wind generation and battery storage projects.

#### Accumulated losses and reserves

The reserve includes the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to transactions that have not yet occurred, and the Group's share of other comprehensive income that will subsequently be reversed through the profit or loss statement from its investment in joint ventures.

There were no dividends paid during the 2023 financial year (2022: nil).

## 6.1 Contributed equity, accumulated losses and reserves (continued)

The disaggregation of changes of other comprehensive income by each type of reserve is shown below:

	Accumulated losses	Reserves	Total
Group	\$'000	\$'000	\$'000
Changes in fair value of cash flow hedges, net of tax	-	12,135	12,135
Re-measurement on defined benefit plans, net of tax	1,475	-	1,475
<b>As at 30 June 2022</b>	<b>1,475</b>	<b>12,135</b>	<b>13,610</b>
Changes in fair value of cash flow hedges, net of tax	-	1,632	1,632
Re-measurement on defined benefit plans, net of tax	146	-	146
<b>As at 30 June 2023</b>	<b>146</b>	<b>1,632</b>	<b>1,778</b>
<b>Corporation</b>			
Changes in fair value of cash flow hedges, net of tax	-	(504)	(504)
Re-measurement on defined benefit plans, net of tax	1,475	-	1,475
<b>As at 30 June 2022</b>	<b>1,475</b>	<b>(504)</b>	<b>971</b>
Changes in fair value of cash flow hedges, net of tax	-	1,117	1,117
Re-measurement on defined benefit plans, net of tax	146	-	146
<b>As at 30 June 2023</b>	<b>146</b>	<b>1,117</b>	<b>1,263</b>

## 6.2 Commitments and contingencies

### Capital and other commitments

As 30 June 2023 the Group has commitments relating to the future purchase of renewable energy certificates, energy purchase agreements, information technology and contact centre support services of \$10.0 billion (2022: \$8.4 billion), and other committed capital expenditure of \$951.0 million (2022: \$93.3 million).

In determining the value of commitments, assumptions and estimates are made in relation to the future output of generating assets and renewable energy certificate prices.

### Site restoration contingency

The Group provides for the restoration of its power station sites including any environmental rehabilitation as required by various environmental regulations (and as disclosed in note 5.4). Based on management's best estimates and assumptions, the Group has made adequate provision to cover these anticipated restoration costs.

However, many of these costs will be incurred at some time in the future and as such, the provisions will be subject to changes due to significant estimation risk surrounding such estimates and assumptions.

In addition, there may be residual environmental obligations on sites which have been declared rehabilitated, and to the extent that these may arise, represent contingent liabilities to the Group. Management does not have any means of quantifying this residual exposure.

## 6.2 Commitments and contingencies (continued)

### Asbestos management contingency

The Group operates a portfolio of thermal power stations of varying ages. Many of these power stations used asbestos for its insulation and fire-resistant qualities prior to the market becoming aware of the dangers of asbestos. The Group has a current asbestos management process in place and addresses these risks on an ongoing basis.

However, diseases which emanate from asbestos, such as asbestosis may take many years to develop. As such, the Group may have a liability to those workers and other contractors who came in contact with asbestos at one of its power stations in the past.

The Group has a contingent liability for undiagnosed illnesses which may arise from exposure to asbestos at one of its sites. The quantum of this contingent liability is extremely uncertain and cannot be estimated with any accuracy.

### Contractual dispute

The Group is currently in a contractual dispute with a supplier. Synergy filed and served an amended Statement of Claim in the Supreme Court of Western Australia on the supplier in June 2023.

Management expect that the resolution of the dispute will likely be favourable for the Group. However, as the outcome is not virtually certain, the value of the contingent asset, estimated at \$15.1 million at 30 June 2023, is disclosed but not recognised.

## 6.3 Employee benefits

	Group		Corporation	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Annual leave	19,136	20,036	19,085	19,979
Long service leave	17,801	18,315	17,801	18,315
<b>Total current liability</b>	<b>36,937</b>	<b>38,351</b>	<b>36,886</b>	<b>38,294</b>
Long service leave	4,898	2,845	4,898	2,845
Defined benefit plan obligation	24,003	24,704	24,003	24,704
<b>Total non-current liability</b>	<b>28,901</b>	<b>27,549</b>	<b>28,901</b>	<b>27,549</b>

Annual and long service leave benefits are reported as current because Synergy does not have an unconditional right to defer settlement.

## 6.3 Employee benefits (continued)

The amount of annual and long service leave expected to be taken or paid within and after the next 12 months are presented below:

	Group		Corporation	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Annual leave:</b>				
Annual leave expected to be settled < 12 months	11,581	11,830	11,530	11,773
Annual leave expected to be settled > 12 months	7,555	8,206	7,555	8,206
	<b>19,136</b>	<b>20,036</b>	<b>19,085</b>	<b>19,979</b>
<b>Long service leave:</b>				
Long service leave expected to be settled < 12 months	2,102	1,084	2,102	1,084
Long service leave expected to be settled > 12 months	15,699	17,231	15,699	17,231
	<b>17,801</b>	<b>18,315</b>	<b>17,801</b>	<b>18,315</b>

### Recognition and measurement

Provision is made for benefits accumulated as a result of employees rendering services up to the end of the reporting period. These benefits include wages, salaries, annual leave and long service leave.

Liabilities expected to be wholly settled within one year after the end of the period are classified as short-term and measured at the amount due to be paid. Liabilities that are not expected to be wholly settled within one year after the end of the period are classified as long-term and measured at the present value of the estimated future cash outflow, using the projected unit credit method.

The Group's employees are entitled to benefits upon retirement, disability or death from any number of superannuation plans, which may include a defined contribution pension plan, a defined benefit pension plan, or both. The cost of providing benefits under the defined contribution plan is recognised in the statement of profit or loss as incurred. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

With respect to the defined benefit plan, re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. It is recognised, along with changes in the present value of defined benefit obligations resulting from plan amendments or curtailments, in the statement of profit or loss as past service costs.

### Key estimates

#### *Long service leave*

Management requires judgement to determine key assumptions used in the calculation including future increases in salaries and wages, future on-cost rates and future settlement dates of employees' departures.



## 6.3 Employee benefits (continued)

### Defined benefit plan obligations

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions including the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

An actuarial review was conducted for the year ended 30 June 2023 using the membership data as at 30 April 2023, as it is not expected that the membership data will be materially different as at 30 June 2023.

### Defined benefit plan obligation

The Corporation participates in two defined benefit plans consisting of the Pension Scheme and the prior service component of the Gold State Scheme, in which members receive pension benefits on retirement, death or invalidity, or a lump sum benefit on resignation. The schemes, which are now closed to new members, are wholly unfunded. The schemes have no assets. The schemes operate under the *State Superannuation Act 2000 (Western Australia)* and the *State Superannuation Regulations 2001 (Western Australia)*.

Although not formally subject to the Superannuation Industry (Supervision) (SIS) legislation, the Western Australian government has undertaken to operate the schemes in accordance with the SIS legislation. As an exempt public sector superannuation scheme (as defined in the SIS legislation), the schemes are not subject to any minimum funding requirements. As a constitutionally protected scheme, the schemes are not required to pay tax.

The Government Employees Superannuation Board (GESB) is the schemes' trustee and is responsible for the governance of the schemes.

A reconciliation of the movement in the present value of the obligation recognised in the statement of financial position is shown below.

	Group		Corporation	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	24,704	27,067	24,704	27,067
Interest cost	790	391	790	391
Benefits paid	(1,345)	(1,279)	(1,345)	(1,279)
Actuarial changes in assumptions	(146)	(1,475)	(146)	(1,475)
<b>Balance at 30 June</b>	<b>24,003</b>	<b>24,704</b>	<b>24,003</b>	<b>24,704</b>

The significant actuarial assumptions used at valuation date include the discount rate based on the yield on the federal government bonds maturing in 2030 of 3.55% (2022: 3.35%), expected future salary increase of 3.50% (2022: 3.50%) and expected pension increase of 2.50% (2022: 2.50%).

Sensitivity analysis was performed on the defined benefit obligation using a 0.5% increase/decrease in the assumptions above, whilst retaining all other obligations, and the variances had a maximum impact on the statement of comprehensive income of \$1.3 million (2022: \$1.4 million).

## 6.4 Key management personnel compensation

	2023	2022
	\$'000	\$'000
Short-term employee benefits	4,175	4,375
Post-employment benefits	299	314
Termination benefits	632	-
<b>Total compensation paid to key management personnel</b>	<b>5,106</b>	<b>4,689</b>

The amounts disclosed in the table are the amounts paid during the reporting period related to key management personnel of the Group.

## 6.5 Group structure

### 6.5.1 Information relating to subsidiaries

The financial statements of the Group include:

	Principal activity	Country of incorporation	% Equity interest	
			2023	2022
South West Solar Development Holdings Pty Ltd	Renewable energy development	Australia	100%	100%

The movement in the net carrying value of the subsidiaries is shown below:

	Group		Corporation	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Net carrying value</b>				
Balance at 1 July	-	-	1,462	1,462
<b>Balance 30 June</b>	<b>-</b>	<b>-</b>	<b>1,462</b>	<b>1,462</b>

### Recognition and measurement

Subsidiaries are all the entities over which the Group has the power over the investee such that the Group is able to direct the relevant activities, has exposure, or rights, to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of the investor's returns.

## 6.5 Group structure (continued)

### 6.5.2 Interest in associates and joint arrangements

The financial statements of the Group include:

	Principal activity	Report date	Country of incorporation	% Equity	
				2023	2022
Associates					
Premier Coal Limited (i)	Coal mining	31 Dec	Australia	-	-
Joint arrangements					
Bright Energy Investments Trust (BEI)	Renewable energy construction and operation	30 June	NA	19.9%	19.9%

- i. Under the Amended Coal Supply Agreement and the Convertible Loan Agreement (Loan) with Premier Coal Limited (PCL), the Loan automatically converts into a 25% equity stake in PCL at the end of the term of the Loan on 30 June 2030, unless it is repaid by PCL, converted into equity or forgiven by Synergy at an earlier time.

There were no reported contingent liabilities as at 30 June 2023 (2022: nil), in relation to these investments.

	Group		Corporation	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Investment in joint ventures	25,993	36,287	41,043	41,043
<b>Balance at 30 June</b>	<b>25,993</b>	<b>36,287</b>	<b>41,043</b>	<b>41,043</b>

## 6.5 Group structure (continued)

The movement in the net carrying value of investments is shown below:

Group	BEI	Collie	Total
	\$'000	\$'000	\$'000
<b>Balance at 1 July 2021</b>	28,571	226	28,797
Distributions	(5,342)	(226)	(5,568)
Share of profit for the year	419	-	419
Share of other comprehensive income	12,639	-	12,639
<b>Balance at 30 June 2022</b>	<b>36,287</b>	<b>-</b>	<b>36,287</b>
<b>Balance at 1 July 2022</b>	36,287	-	36,287
Distributions	(11,092)	-	(11,092)
Share of profit for the year	283	-	283
Share of other comprehensive income	515	-	515
<b>Balance at 30 June 2023</b>	<b>25,993</b>	<b>-</b>	<b>25,993</b>

Investments in associates and joint arrangements including summarised financial information:

	Group	
	2023	2022
	\$'000	\$'000
Cash and cash equivalents	10,262	17,711
Other current assets	19,009	8,467
Non-current assets	640,087	663,526
Current financial liabilities	21,394	77,824
Other current liabilities	1,299	1,125
Non-current financial liabilities	462,445	376,203
Other non-current liabilities	52,776	51,380
<b>Net assets of joint venture</b>	<b>131,444</b>	<b>183,172</b>
<b>Carrying value of interest in JV</b>	<b>25,993</b>	<b>36,287</b>
Revenue	55,622	56,533
Depreciation and amortisation	25,512	25,411
Income tax expense	-	3
<b>Net profit after tax</b>	<b>1,424</b>	<b>2,104</b>
<b>Share of profit</b>	<b>283</b>	<b>419</b>
Other comprehensive income	2,587	63,514
<b>Share of other comprehensive income</b>	<b>515</b>	<b>12,639</b>



## 6.5 Group structure (continued)

### Recognition and measurement

#### *Joint arrangements*

Joint arrangements are arrangements in which two or more parties have joint control. Joint control is the contractual agreed sharing of control of the arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as either a joint operation or joint venture, based on the rights and obligations arising from the contractual obligations between the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the individual assets and obligations arising from the joint arrangement, the arrangement is classified as a joint operation, and as such the Group recognises its share of the operations assets, liabilities, revenue and expenses, including those incurred jointly. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the investment is classified as a joint venture and accounted for using the equity method.

Joint arrangements acquired which are deemed to be carrying on a business are treated as business combinations and are accounted for under AASB 3 *Business Combinations*. Joint arrangements which are not deemed to be carrying on a business are treated as asset acquisitions.

#### *Associates*

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method.

## 6.6 Related parties

The Group is a wholly owned public sector entity, controlled by the State Government of Western Australia, and so related parties of the Group include:

- all Ministers and key management personnel (KMP) and their close family members, and their controlled or jointly controlled entities;
- other departments and statutory authorities, including their related bodies, that are included in the whole of government consolidated financial statements;
- associates and joint ventures of an entity that are included in the whole of Government consolidated financial statements; and
- the Government Employees Superannuation Board (GESB). GESB is responsible for the governance of the Group's pension schemes, further details of which are disclosed in note 6.3.

## 6.6 Related parties (continued)

### Transactions with related parties

Transactions with State Government related entities include the retail sale of electricity in the ordinary course of business on normal commercial terms. Other significant transactions include:

- Department of Treasury:
  - » \$419,657,000 for the WA Household Electricity Credit 2022, allocated to customer accounts in July 2022 (2022: nil);
  - » \$240,707,000 of other revenue relating to payment in lieu of subsidies (2022: \$216,362,000); \$10,832,000 of which was repayable at 30 June 2023 (2022: \$16,330,000); and
  - » \$125,345,000 of reimbursement of the cost of CSOs included in fuel, electricity and other purchases, (2022: \$153,931,000); \$1,964,000 of which was repayable at 30 June 2023 (2022: \$28,757,000 receivable).
- WATC
  - » borrowings under a Master Lending Agreement (note 5.6); the Group has drawn down \$161,130,000 (2022: \$161,130,000) of borrowings at 30 June 2023, and repaid nil during the year (2022: \$57,110,000); and
  - » incurred interest charges of \$4,189,000 during the year (2022: \$3,208,000); \$693,000 of interest was accrued at 30 June 2023 (2022: \$407,000);
- network access and metering services from the Electricity Networks Corporation; and
- energy sales to the Regional Power Corporation and the Water Corporation.

The Group is not aware of any material transactions with the KMP or their close family members or controlled entities, or the Premier of Western Australia or any of the Cabinet Ministers during the year ended 30 June 2023. Remuneration and benefits received by directors and KMP are disclosed in the directors' report and in note 6.4.

Transactions with joint ventures and operations and associates include sale, purchase and service transactions in the ordinary course of business on normal commercial terms.

	Sales	Purchases	Amounts owed by	Amounts owed to	Commitments outstanding
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2022</b>					
Associate	-	139,561	-	5,137	-
Joint Ventures and Operations	53,821	41,599	357	3,521	562,373
<b>Government Related Entities</b>					
Water Corporation	8,589	46	330	-	-
Regional Power Corporation	25,365	23	720	-	-
Electricity Networks Corporation	5,453	1,314,069	2,986	303,692	4,889
<b>30 June 2023</b>					
Associate	-	159,251	-	1,500	-
Joint Ventures and Operations	13,900	60,249	12,177	11,007	856,683
<b>Government Related Entities</b>					
Water Corporation	59,182	49	-	-	-
Regional Power Corporation	30,505	-	-	-	-
Electricity Networks Corporation	4,875	1,237,256	2,920	204,296	2,421

## 6.7 Accounting standards and interpretations issued but not yet effective

At the date of this financial report the following standards and interpretations, which may materially impact the entity in the period of initial application, have been issued but are not yet effective:

Reference and application date	Summary
AASB 2022-5 <i>Lease liability in a sale and leaseback</i> Effective 1 January 2024 Application date 1 July 2024	AASB 2022-5 amends AASB 16 <i>Leases</i> to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 <i>Revenue from Contracts with Customers</i> to be accounted for as a sale.  AASB 16 already requires a seller-lessee to recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The amendments made by this Standard ensure that a similar approach is applied by also requiring a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that does not recognise any amount of the gain or loss related to the right of use it retains.  The impact of the amendments is not expected to have a significant impact on the Group's consolidated financial statements.
AASB 2022-6 <i>Non-current liabilities with covenants</i> Effective 1 January 2024 Application date 1 July 2024	AASB 2022-6 amends AASB 101 <i>Presentation of Financial Statements</i> to improve the information an entity provides in its financial statements about long-term liabilities with covenants where the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.  The impact of the amendments is not expected to have a significant impact on the Group's consolidated financial statements.
AASB 2022-10 <i>Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities</i> Effective 1 January 2024 Application date 1 July 2024	AASB 2022-10 amends AASB 13 <i>Fair Value Measurement</i> for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows.  The impact of the amendments is not expected to have a significant impact on the Group's consolidated financial statements.

## 6.8 Events after the reporting date

There were no significant events after reporting date.

## Directors' declaration

In the opinion of the Directors of the Electricity Generation and Retail Corporation (the Corporation):

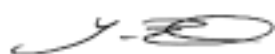
- (a). the financial statements and notes of the Corporation are prepared in accordance with the *Government Trading Enterprises Act 2023*, including section 176 and the *Government Trading Enterprises Regulations 2023* and:
  - i. gives a true and fair view of the financial position of the Group and the Corporation as at 30 June 2023 and of its performance for the year ended on that date; and
  - ii. complies with Australian Accounting Standards (including the Australian Accounting Interpretations), and the *Corporations Regulations 2001*;
- (b). there are reasonable grounds to believe that the Corporation and Group will be able to pay its debts as and when they become due and payable;
- (c). financial records of the Corporation for the financial year have been properly maintained.

The directors have been given the declaration by the Chief Executive Officer and Chief Financial Officer for the reporting year ended 30 June 2023.

Signed in accordance with a resolution of the Directors:



**Michelle Shepherd**  
Chair



**Yasmin Broughton**  
Deputy Chair

Date: 29 August 2023  
Perth



# Independent auditor's report



## Auditor General

### INDEPENDENT AUDITOR'S REPORT 2023

#### Electricity Generation and Retail Corporation (trading as Synergy)

To the Parliament of Western Australia

#### Opinion

I have audited the financial report of Electricity Generation and Retail Corporation (trading as Synergy) (the Corporation) and its subsidiaries (Group), which comprises:

- the Statements of Financial Position as at 30 June 2023, and the Statements of Profit or Loss, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the year then ended
- Notes comprising a summary of significant accounting policies
- the directors' declaration.

In my opinion, the financial report of the Corporation and the Group is prepared in accordance with the *Government Trading Enterprises Act 2023*, including section 176 and the Government Trading Enterprises Regulations 2023, and:

- gives a true and fair view of the financial position at 30 June 2023 and of its performance for the year then ended
- in accordance with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of Matter

I draw attention to the matter below. My opinion is not modified in respect of this matter.

##### *Onerous contracts*

I draw attention to notes 3.3 Expenses and 5.4 Provisions of the financial report which discloses the Group's recognition of an additional provision for onerous contracts of \$773.7 million during the year which consists of \$498.2 million included in fuel, electricity and other purchases and \$275.5 million included in commodity charges.

## Independent auditor's report (continued)

### Other information

The directors are responsible for the other information. The other information is the information in the Group's annual report for the year ended 30 June 2023, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to those charged with governance and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

### Responsibilities of the directors for the financial report

The directors of the Corporation are responsible for:

- keeping proper records
- preparation of the financial report in accordance with the *Government Trading Enterprises Act 2023*, including section 176 and the Government Trading Enterprises Regulations 2023 that gives a true and fair view in accordance with Australian Accounting Standards and Corporations Regulations 2001
- such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for:

- assessing the Corporation's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Corporation.

### Auditor's responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at [https://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar3.pdf).

## Independent auditor's report (continued)

### My independence and quality management relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Corporation for the year ended 30 June 2023 included in the annual report on the Corporation's website. The Corporation's management is responsible for the integrity of the Corporation's website. This audit does not provide assurance on the integrity of the Corporation's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on the website, they are advised to contact the Corporation to confirm the information contained in the website version.

*Sandra Labuschagne*

Sandra Labuschagne  
Deputy Auditor General  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
6 September 2023











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For the Electricity Generation and Retail Corporation  
trading as Synergy ABN 58 673 830 106

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