

MEDIA RELEASE

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Energy industry welcomes decision to shelve planned renewable fund

The Western Australian Independent Power Association has welcomed a decision by the State Government not to proceed with plans to set up a privately-funded, government-backed renewable energy fund.

The industry association representing non-government electricity industry companies said Synergy's plans to set up a privately-funded vehicle to purchase its renewable energy assets and support its continued development of renewable power generation would have been a backward step for competitive power generation in WA.

WA Independent Power Association (IPA) Chairman Richard Harris said the fund would have locked in Synergy's long-held market dominance in WA and have crowded out investment in competitive private energy generation.

"This fund would have set back renewable energy development in WA. Private energy companies have \$1 billion worth of renewable energy projects already planned for the State – many of them shovel ready. These projects will create thousands of jobs, put downward pressure on electricity prices, reduce greenhouse gas emissions and lessen our dependence on fossil fuel power generation.

"The private sector has spent millions of dollars getting these projects ready to be built based on the Energy Minister's commitment in 2013 that Synergy would not build new generation plants." said Mr Harris.

To enhance competition, put downward pressure on prices for consumers, and reduce the level of Government ownership and market control, the IPA calls on the Liberal, National and Labor parties to commit to the following priority reforms in the WA electricity sector:

1. Retail electricity

To put downward pressure on power prices for consumers WA energy market should move to Full Retail Contestability as soon as possible. All customers should be able to select their electricity provider by July 2019 regardless of whether regulated electricity prices are cost reflective for Synergy (i.e. even if the government subsidy is still required in the short term).

In the meantime, the threshold for contestability should be dropped to include all businesses as currently small and many medium size businesses are not contestable. This can be done immediately and will deliver savings to many of these businesses.

2. Wholesale electricity

Synergy's dominance in the wholesale electricity market must be reduced to enable competitively priced wholesale energy to be made available to all electricity retailers.

3. Network Regulation

Western Power should be regulated under the national electricity law(s).

Transferring network regulation to the national framework will enable WA to take advantage of developments that have already occurred in the national regulatory framework in dealing with many of the challenges emerging in the WA network.

A move to the national electricity regulation will drive efficiencies and reduce costs in network services. It will also be better placed to deal with emerging technologies and customer requests for network services.

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