

MEDIA RELEASE

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Power industry warns the approval of Synergy's green fund risks the future of WA's renewable industry

WA private power companies are highly critical of Cabinet's decision to approve Synergy's green power fund, believing it will limit the participation of the private sector, risk future investment and result in job losses across the State.

WA Independent Power Association Chairman Richard Harris said the Government has made a rapid decision to approve the fund without thinking of the long-term consequences to the market.

"This fund is a large step in the wrong direction away from a liquid and competitive wholesale market. Its implementation will see Synergy's problematic domination of the wholesale market increase and private participants will be crowded out." Mr Harris said.

"Commercial and household gas customers are currently gaining significant benefits from an open market with many participants. By allowing Synergy to extend their dominance of the electricity market the Government is locking in higher electricity prices for all Western Australians."

"In jeopardy are more than \$1 billion worth of renewable energy projects private companies had planned for WA – many of which are shovel ready."

"Not only would the private sector proposals be cheaper and delivered quicker than those highlighted from the Synergy portfolio, the private projects were set to create thousands of jobs across the State and put downward pressure on electricity prices. It is very hard for the private sector to understand how the Government can effectively write a contract worth over \$500 million with itself without an open and transparent process which ensures that the best value for money is being obtained by taxpayers."

By snubbing locally backed projects, the Government has sent a message to the market that the sector will continue to be dominated by the State-owned generator-retailer and, consequently, that future private sector investment in WA is problematic.

Renewable energy developers are now highly likely to leave the state to focus on creating jobs and infrastructure in other jurisdictions such as Victoria and Queensland, where there is an open market and investment friendly policies which encourage private sector renewable development.

To prevent developers pulling out of the Western Australian renewable market and to stem the subsequent job losses, the Government needs to devise policy to counteract the risks associated with this fund.

Some of the reforms suggested by private energy companies include:

- ensuring the Warradarge wind farm's capacity is no more than 180MW;

- requiring Synergy to contract for its remaining LGC requirements from local private sector projects;
- ensuring that Synergy's excess wholesale energy be made readily available to private retailers to avoid a complete monopoly in electricity supply to WA customers; and
- requiring that any future renewable energy projects which are supported by the fund are procured through an open and transparent process.

Contact:

Richard Harris, Chairman, WA IPA

Molly Cooke, Secretary, WA IPA

0423 760 664

0402 195 977