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Sara O'Connor
Economic Regulation Authority
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By email: publicsubmissions@erawa.com.au

Dear Ms O'Connor

Bluewaters submission – Discussion Paper: 2016 Report to the Minister on the Effectiveness of the Electricity Generation and Retail Corporation (EGRC) Regulatory Scheme

Bluewaters Power welcomes the opportunity to provide comments on the Discussion Paper entitled "Report to the Minister on the Effectiveness of the Electricity Generation and Retail Corporation Regulatory Scheme".

Bluewaters considers market competition to be an important element underpinning the optimal utilisation of resources in the WEM for meeting consumers' needs (thus promoting the Wholesale Market Objectives).

Bluewaters notes that the EGRC Regulatory Scheme imposes requirements on Synergy to mitigate market power arising from the Verve-Synergy merger in 2014, to ensure a level playing field for competitors and new entrants, in order to facilitate competition.

Given the current market structure in the WEM which gives rise to significant market concentration risk, Bluewaters considers market competition could be substantially diminished if such scheme were not in place. As such, Bluewaters supports continuation of this scheme until such time the market concentration issues in the WEM is resolved.

However, due to the regulated nature of the scheme, Bluewaters considers it is still the "second best" solution for promoting competition in the WEM compared to having an appropriate market structure (supplemented by other best practice measures) to support actual effective market competition.

As such, Bluewaters looks forward to a government policy direction supporting a market structure for maximising competition in the WEM.

Should you have any questions regarding this submission please contact Ignatius Chin on 08 9261 2890 or ignatius.Chin@bluewatersps.com.au.

Yours sincerely,

Daniel Kurz
General Manager – Trading, Commercial & Regulatory