



Our ref: 29995456
Contact: Karthi Mahalingham

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Economic Regulation Authority
Email: info@erawa.com.au
www.erawa.com.au/consultation

Dear ERA

Proposed Amendments - 2022 Gas Rate of Return Instrument (GRORI)

Synergy welcomes the opportunity to provide feedback to the Economic Regulation Authority (**ERA**) in relation to the above and is pleased to provide the following comments to the ERA to support the process for determining the risk free rate and inflation in the GRORI.

Background

Synergy understands on 31 March 2023 the Reserve Bank of Australia (RBA) ceased publishing F16 data and removed all associated historic data from its website. Consequently, this created an issue in relation to the operation of the GRORI because GRORI does not provide for an alternative mechanism or data source. Therefore, the ERA has proposed GRORI amendments to specify alternative arrangements and data sources for the purpose of determining the risk free rate and inflation¹. In addition, Synergy notes the Australian Energy Regulator (**AER**) is also proposing amendments to its rate of return instrument for the same reason.²

A consistent national approach

As an overarching comment Synergy supports the proposal to amend the GRORI however, considers there needs to be regulator consistency nationally in relation to the rate of return instruments. Synergy notes the Australian Energy Regulator (AER) considers, in the future, F16 data could be made publicly available and therefore has proposed to add contingencies which are consistent with its current approach instead of removing the F16 as a data source, in case the RBA begins publishing the data again. The AER has proposed the contingencies below to be applied in order of:

1. the publicly available RBA F2 data; and
2. Yieldbroker data, sourced through Yieldbroker or another source such as Bloomberg.

Synergy recommends the ERA also consider a similar approach.

¹ [ERA consultation paper June 2023](#), page 3, 7, 9 and 10.

² [AER rate of return instrument amendment June 2023](#).

New paragraph 26

Synergy supports, in principle, the ERA's approach to insert a new paragraph.³ However, considers the proposed drafting needs to:

1. make specific reference to and detail the list of allowable data sources in the GRORI or the ERA's website; and
2. describe in the GRORI the procedure and preference rules to be applied when choosing the data source to be used.

Amendments to footnotes 3 and 4

Synergy supports the proposed amendment⁴ to footnotes 3 and 4.

List of allowable data sources

Synergy supports the list of allowable data sources and order of preference listed in the consultation paper.⁵ Synergy, for its internal modelling and analysis, prefers using the RBA F2 data primarily because the information is publicly available and its general acceptance and use within government organisations.

Please contact Karthi Mahalingham Manager Networks Regulation and Compliance on [REDACTED] [REDACTED] should you have any queries in relation to this submission.

Yours sincerely

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SIMON THACKRAY
HEAD OF REGULATION AND COMPLIANCE

³ [ERA consultation paper June 2023](#), page 5.

⁴ Ibid.

⁵ [ERA consultation paper June 2023](#), page 6.