

Our Reference: DMS# 3030472V1
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Mr Adam Philips
Assistant Director Monitoring
Economic Regulation Authority
PO Box 8469
PERTH BC WA 6849

Dear Adam

REVIEW OF GAS TRADING AND DISTRIBUTION LICENCES

Thank you for the opportunity to comment on the Economic Regulation Authority's recommendation report for the review of gas trading and distribution licences.

Synergy fully supports the review scope and objectives.

Synergy considers that the review has been undertaken consistent with the principles of best practice regulation and that the proposed recommendations will provide for increased compliance and reduce regulatory costs by providing for consistent licensing regulation across the electricity and gas sectors.

Attachment 1 details Synergy's specific comments in response to the proposed recommendations.

Please contact me should you wish to discuss the comments further.

Yours sincerely


SIMON THACKRAY
REGULATORY MANAGER

Synergy Comment

1.	Supported
2.	Supported
3.	Supported
4.	Supported
5.	Supported
6.	Supported
7.	Supported
8.	Consistent with Recommendation 8 dot point one, Synergy considers it appropriate for Government to review the need for such a provision
9.	Synergy recognises the need for the continuation of the provision but suggests that the clause be updated to reflect the current contract regime established under Division 4A of the Act
10.	Recommendation 10 Dot points 1-3 supported
11.	Supported
12.	Supported
13.	Supported
14.	Supported
15.	Synergy considers that the ability for the Economic Regulation Authority to request any information and for the licensee to provide that information should be limited to the Authority's licensing functions under the <i>Energy Coordination Act 1994</i> and not any function under the Act as proposed. For example, the Authority has functions under Part 2B of the Act (Gas Retail Market Schemes) which are outside the scope of the gas licence framework
16.	Supported
17.	Supported
18.	Supported
19.	Supported
20.	Supported
21.	Supported
22.	Synergy considers it appropriate that the Economic Regulation Authority possess the ability under a gas trading licence to waive the public consultation period for minor or inconsequential matters such as correction of typographical errors etc
23.	Synergy notes that in the event that clause 14(b) of a gas distribution licence is deleted there would little guidance to a trader as to what constitutes "safe and reliable operation of the distribution system..." In this event, would alternative guidance be proposed?
24.	Supported

Synergy Comment

25.	Supported
26.	Synergy considers there should be parity between electricity and gas on the matter (refer dot point 3 under "Discussion") and notes that that the approved contracts require a trader to notify customers as to changes in fees and charges (dot point 4). This contract notice to customer requirement must be complied with as a licence condition
27.	Supported
28.	Supported
29.	Refer recommendation 39
30.	Supported
31.	Supported
32.	Not supported. Synergy considers this duplication of regulation for the reasons specified in the last paragraph of Part 7 of the Recommendation Report. Synergy's view is that specific applicable legislation itself should provide for compliance or enforcement rather than a generic "catch all" licence condition. Synergy also notes that the instruments specified within clause 5 of electricity retail licence are subject of explicit licence conditions either under the <i>Electricity Industry (Licence Condition) Regulations 2005</i> or Part 6 of the <i>Electricity Industry Act 2006</i> notwithstanding the "applicable law" provision
33 -35	Synergy does not consider that a generic provision as proposed is consistent with the principles of best practice regulation. For example, the proposed amendment could result in the holder of a trading licence who is a market participant (under Part 2B of the <i>Energy Coordination Act 1994</i>) breaching their trading licence in the event of a retail market rule breach. This is despite the fact that section 11ZOT and 11ZOU of the Act deals with gas retail market scheme enforcement
36.	Synergy queries the need for these provisions, if the matter is prescribed under the Act
37.	Supported
39	Supported
47.	Furthermore given the broad information gathering powers proposed under recommendation 29 and in recognition that these powers may be exercised beyond gas licensing matters, it is considered appropriate that a request under clause 24.1 of the electricity retail licence template should be subject a reviewable decision under clause 27 of that template
53.	Timeframes for connection are a significant issue for customers. Synergy notes that the current clause does not prescribe timeframes whereas the comparable electricity obligation to connect does. Synergy suggests that the Economic Regulation may wish to consider the need for connection timeframes consistent with current electricity practice
73.	Refer recommendation 23
81.	Consistent with licence arrangements in other Australian States and in the case of electricity in Western Australia, Synergy considers the matter should be addressed by licence exemption as intended by the Act's legislators (refer section 11H)
85.	Supported
	Supported