



Powering WA's future.
Fuelling the economic powerhouse.



Background.

Synergy is Western Australia's largest energy retailer, supplying more than one million industrial, commercial and residential customers.

Generating annual revenue of around \$2.4 billion, Synergy sells the majority of electricity traded in the State and around half of the contestable gas load.

The organisation procures and sells energy through the South West Interconnected System (SWIS), stretching from Kalbarri in the north, to Kalgoorlie in the east and Albany in the south.

Synergy manages some \$15 billion worth of supply contracts for electrical energy, generating capacity, gas supply and transport and environmental instruments. These contracts are mostly large-scale and long term, and form the basis of Synergy's product offerings to customers.

Synergy is also active in the Short Term Energy Market (STEM), WA capacity market and the national market for renewable energy certificates.

Synergy is committed to reducing its impact on the environment and is pursuing new supply opportunities from renewable energy developments, as well as flexible, reliable and low cost energy from non renewable sources.

Synergy has a workforce of approximately 380 employees and also partners with specialised service providers to support the business' operations.

The company has considerable financial strength with a corporate credit rating of A+ from Standard and Poor's Australia.

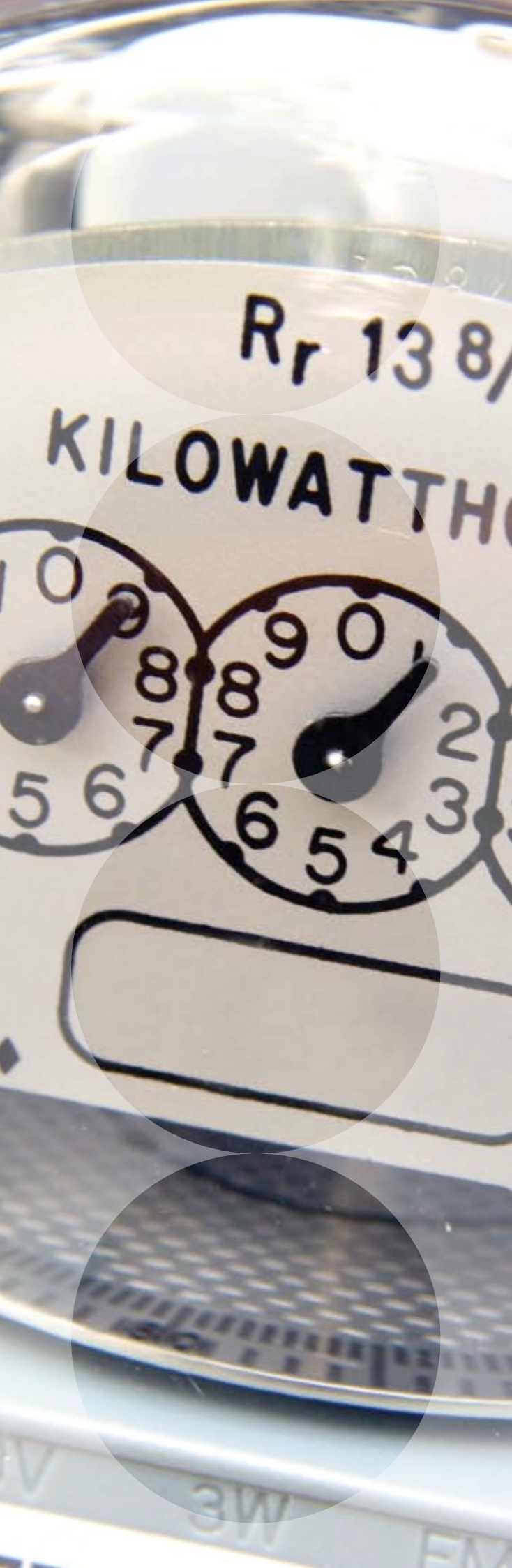
WA's future energy needs.

The energy landscape in Western Australia is facing unprecedented change. The State is experiencing some of the fastest growth in the nation. Over the past 12 months, WA's population has increased by 51,500 to 2.29 million and this, coupled with rising fuel, generation and distribution costs, as well as the challenge of climate change, are key factors in planning for WA's future energy needs.

Synergy's future requirements for energy will be determined by Synergy's share of the expected growth in the overall Wholesale Electricity Market (WEM) and the roll off of its current supply contracts.

Synergy's current forecasts for future growth in energy needs are in line with those of the West Australia's Independent Market Operator (IMO) which predicts the overall energy requirement for the South West Interconnected System (SWIS) will increase to around 20,000 GWh in 2013/14, with consumption estimated to increase to 25,000 GWh by 2020/21 – this equates to a forecast overall average growth over this period of 2.9% pa and growth in peak energy of 4.7%.





The Western Australian Wholesale Electricity Market.

The Independent Market Operator (IMO) was established in Western Australia in December 2004 after a government initiative to encourage private sector involvement in both the generation and retailing of electricity to open the market up to wider competition. The market, referred to as the Wholesale Electricity Market (WEM), commenced on 21 September 2006.

The IMO is an independent organisation, funded by industry, whose role is to administer and operate the WEM and ensure there is adequate capacity to meet the demand of consumers within the South West Interconnected System (SWIS).

The WEM enables genuine competition to grow, at a wholesale level, between generators of electricity in the SWIS. The WEM is structured differently than the National Energy Market (NEM).

The majority of energy is traded bilaterally in WEM with any net amounts traded in the Short Term Energy Market (STEM) as opposed to the gross pool market that operates in the NEM. In addition, the WEM has both an energy and capacity market, and retailers such as Synergy must not only meet the energy requirements of its customers, but also its capacity requirements as determined by the IMO.



Synergy's energy requirements.


The changing energy landscape means a new world of energy retailing – and Synergy is ready. The organisation continually monitors developments around the globe to ensure it is well placed to deliver new energy solutions in the rapidly changing environment of energy retailing.

A significant area of change and growth in energy generation and supply is that of renewable energy. Securing new supplies of cleaner energy is an ongoing challenge for Synergy and the organisation continues to explore opportunities to achieve increasing sources of renewable energy to help achieve WA's contribution to the national 20% renewable energy target. Synergy, like all national electricity retailers, will be required by the Large Scale Renewable Energy Target (LRET) to purchase considerably more renewable energy over the next 10 years. (To meet the LRET targets, the amount of renewable energy produced Australia-wide needs to increase by 200% by 2020.)

As well as meeting the renewable challenge, Synergy will also need from time to time to contract for energy from non renewable sources.

While Synergy's existing supply contracts at present adequately cover expected energy requirements until around 2014-15, the organisation is actively looking to secure new electricity supplies up to 2020 and beyond (predominately mid merit/peaking energy in the medium term).





Working with Synergy.

Synergy is currently seeking to enhance and build relationships with existing and new generation partners for the future supply of energy, capacity credits and renewable energy for the growing Western Australian market.

Synergy is willing to consider a wide range of new energy sources, both innovative and traditional, and is not committed to any particular technology, location or approach.

Synergy has purposely developed a diverse portfolio – with a mixture of gas, coal and renewable energy generators (which in turn have a range of primary energy suppliers); diverse geographical locations; and a range of contract durations. This has resulted in a flexible and reliable energy supply, which we want to maintain and enhance with any future arrangement.

Synergy is also keen to investigate and work with proponents on innovative supply arrangements, (i.e. new renewable technologies, options for gas tolling, capacity only arrangements, etc) where the risks and benefits are appropriately shared for the benefit of all parties.

Synergy will consider proposals based on the total package of energy, capacity and renewable energy certificates, as well as those for individual components. Synergy is also flexible in regard to the size and duration of any proposal.



The way forward.

Synergy is seeking to work cooperatively with energy market participants to develop new sources of supply – both existing participants and others with capability and interest to enter the WEM - and invites interested parties to make a concise submission outlining participant capability and intended business concepts. Submissions will be used as a basis to consider an ongoing dialogue with suitable participants to explore the opportunities within an appropriate confidentiality and, where relevant, procurement framework.

Please send your proposal to:

Attention: Energy Procurement
Synergy
228 Adelaide Terrace
Perth WA 6000
Australia

We look forward to hearing from you.

Contacts.

For further information please contact:

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