

Wholesale Business Unit: Carbon tax removal substantiation statement – electricity

The carbon tax repeal legislation received the Royal Assent on 17 July 2014 and the bills as part of this package are now law, with effect from 1 July 2014.

Electricity Generation and Retail Corporation (t/a Synergy) provides this carbon tax removal substantiation statement (**Substantiation Statement**) pursuant to section 60FD of the *Competition and Consumer Act 2010* (Cth). The Substantiation Statement is provided by Synergy in its capacity as a producer of electricity.

The following table sets out each class of electricity customer for Synergy's Wholesale Business Unit and Synergy's estimate of the average dollar cost savings per MWh, that have been, are, or will be, directly or indirectly attributable to the carbon tax repeal and that are, are being, or will be, passed onto each class of electricity customer during the financial year that began on 1 July 2014.

Table 1: Synergy Wholesale Business Unit – customer classes and estimate*

Customer class	Estimate of average dollar cost savings per MWh to be passed through into prices for the financial year that began 1 July 2014*
Bilateral contract customers	\$18.90
Market participants registered with IMO	Carbon is no longer included in any submissions to STEM, Balancing Market or Load Following Ancillary Services market

* Synergy has provided its estimate of the cost savings a customer will make as a result of the repeal of the carbon tax, for the financial year commencing 1 July 2014, on a \$/MWh basis as opposed to an estimate of the average annual cost savings per customer. The reason for this is that Synergy's Wholesale Business Unit's bilateral customers and, consequently, the amounts saved can be quite diverse and an average estimate will have little meaning to a particular customer

For a bilateral contract customer to calculate its own cost savings, Synergy suggests that the following formula could be used (although the customer should consider for themselves whether this is appropriate for their business):

$$\text{Estimated Cost Savings} = (\text{Carbon Cost Savings} * Q_{\text{peak}} * TI) + (\text{Carbon Cost Savings} * Q_{\text{off-peak}} * TI)$$

Where:

Carbon Cost Savings = \$18.90/MWh
 Q_{peak} = Quantities for peak trading intervals (MWh)
 Q_{off-peak} = Quantities for off peak trading intervals (MWh)
 TI = Number of Trading Intervals over the applicable contract term

This information is in respect of Synergy's wholesale customers. The information for retail customers can be found at synergy.net.au/athome/electricity/updateoncarbon