

ELECTRICITY GENERATION AND RETAIL CORPORATION TRADING AS SYNERGY

STANDARD PRODUCTS - CPI ADJUSTMENT MECHANISM

1. SCOPE

The SP Price shall be adjusted in accordance with CPI (as defined below), pursuant to the adjustment mechanism set out in clause 2 of this document. The adjustment mechanism shall be included as a special condition in the Confirmation to each Transaction entered into under the SP Agreement.

2. SP Price Escalation Formula

The following paragraphs shall be included as a special condition in the Confirmation to each Transaction entered into under the SP Agreement:

- (a) The SP Price will be adjusted with effect on and from the first day of each Quarter in accordance with the following formula:

$$R_n = R_b \times (CPI_{n-2} / CPI_b)$$

where:

R_n = the SP Price on and from the first day of the relevant Quarter (Q_n).

R_b = the SP Price as specified in the Confirmation.

CPI = the Consumer Price Index for Perth (All Groups) published by the Australian Bureau of Statistics (the **Bureau**) under Catalogue Number 6401.0 in respect of the relevant Quarter.

CPI_{n-2} = the CPI for the Quarter (Q_{n-2}) ending immediately before the Quarter (Q_{n-1}) preceding the Quarter (Q_n) in which R_n is being determined.

CPI_b = the figure for CPI_b published by Synergy on the Synergy SP Website for the SP Price at the time the SP Transaction Offer or SP Transaction Counter-Offer (as applicable) resulting in the Transaction the subject of this Confirmation was made.

Quarter = a period of three (3) consecutive months commencing on 1 January, 1 April, 1 July or 1 October in any calendar year.

- (b) If at any time the Bureau updates, re-bases, suspends or discontinues the index used to perform the calculation specified in paragraph (a) above, the parties will negotiate in good faith to:
- (i) agree an appropriate arithmetical adjustment to such calculation, with the objective that the effect of the adjustment shall be as close as possible to the effect which the original index would have had had it applied; or
 - (ii) agree another equivalent index to replace the updated, re-based, suspended or discontinued index.
- (c) If the parties cannot reach agreement under paragraph (b), then the appropriate adjustment or replacement index shall be determined by an Expert in accordance with clause 16 of the Agreement, provided that notwithstanding clause 16.12 of the Agreement, the parties will equally bear the costs of the Expert.

3. **AMENDMENT**

Synergy may amend this document from time to time, provided that this document continues to comply with the SP Arrangements. Such amendments shall take effect from the time that the revised document is published on the Synergy SP Website.

4. **DEFINITIONS**

Capitalised terms used in this document which are not defined below have the meaning given to them in the SP Agreement between Synergy and each Trader.

Approved Counterparty has the meaning given to it in the SP Arrangements.

SP Agreement has the meaning given to it in the SP Arrangements.

SP Arrangements means the *Electricity (Standard Products) Wholesale Arrangements 2014 (WA)* as amended from time to time.

Synergy means Electricity Generation and Retail Corporation trading as Synergy established under the *Electricity Corporations Act 2005 (WA)*.

Trader means an Approved Counterparty who has entered into a SP Agreement with Synergy.