



NSW Legislative Assembly Hansard

Energy Administration Amendment (Water And Energy Savings) Bill

Extract from NSW Legislative Assembly Hansard and Papers Wednesday 6 April 2005.

Second Reading

Mr FRANK SARTOR (Rockdale—Minister for Energy and Utilities, Minister for Science and Medical Research, Minister Assisting the Minister for Health (Cancer), and Minister Assisting the Premier on the Arts) [10.27 a.m.]: I move:

That this bill be now read a second time.

Yesterday I outlined to the House the latest Government efforts to save and recycle water in Sydney and to save energy across the State. An important part of these reforms is the establishment of the Water Savings Fund and the Energy Savings Fund. The funds provide incentives, particularly for businesses, to introduce measures to make sure they use water and energy more wisely. They will be able to compete for financial support to put these initiatives into place. These funds go hand in hand with the requirement that those who are the biggest users prepare savings action plans to conserve water and energy.

By 2010-11 the expected benefits from initiatives supported by the funds include: savings of between 30 and 80 billion litres of water per annum, which is 5 to 12 per cent of Sydney's total water use; a saving of 900,000 megawatt hours per year in electricity consumption; a gross saving in consumer energy bills of \$370 million in net present value terms; and reducing greenhouse gas emissions by 800,000 tonnes of CO₂ per year by 2010-11, equivalent to removing 170,000 cars from the road. The Water Savings Fund is an important part of the Government's Metropolitan Water Plan, released in October 2004, which is a strong and detailed plan to secure the future water needs of the Sydney region. The plan contains a package of new actions the Government is taking to respond to the current drought and give certainty to our water supplies.

The Government has evaluated all sensible practical options to supply, save or substitute water. No single option is sufficient by itself. The combination of the actions in the plan to save, substitute and supply water will ensure a sustainable balance between water supply and demand in the greater Sydney area over 25 years. As part of its contribution to the partnership with the community in conserving water, the Government will undertake major capital works projects. Work is already under way to tap into the deeper water stores at the bottom of our dams. The Government is conducting a \$4 million planning and feasibility study into the potential use of desalination technology to supplement Sydney's drinking water supply. The use of the existing system of dams around Sydney will be optimised by capturing high flows in the Shoalhaven system to increase supplies.

As with the Water Savings Fund, the Energy Savings Fund is a sensible and prudent investment to make the use of these essential services more efficient and protect the environment. This builds on the Government's strong record on electricity. Since 1995 we have significantly reformed the electricity system—lowering electricity prices and greatly improving its performance. In fact, New South Wales regulated prices for electricity are currently lower than all other States. For example, in Melbourne the typical household bill is \$205 per annum more than in Sydney. The Energy Savings Fund could pay for measures such as specific energy-saving projects submitted by industry and commercial enterprises, determined on a contestable basis; specific energy-saving projects submitted by local councils and State government agencies, determined on a contestable basis; joint water and energy retrofit programs for residences; and accelerating investment in energy-efficient appliances.

These are good, practical initiatives that will complement plans to bolster generation over the next decade as well as the State Government's existing commitment to invest a record \$6.2 billion to further strengthen the electricity network over the next five years. This initiative is not a substitute for augmenting supply by way of additional generation; that will be addressed in the Government's Energy Plan. I now turn to the details of the bill. The Electricity Administration Act will be renamed the Energy and Utilities Administration Act, and have its objectives extended to better reflect its broader application to water utilities and their customers, especially in relation to water saving. The first key initiative implemented by the bill is the establishment of two funds to encourage savings in water and energy.

The purpose of the Energy Savings Fund is to provide funding, primarily on a contestable basis to encourage energy savings, to address peak demand for energy, to stimulate investment in innovative energy savings measures, to increase public awareness and acceptance of the importance of energy savings measures, for cost-effective energy savings measures which reduce greenhouse emissions arising from the use of energy, and for contributions made by the State for the purposes of national energy regulation.

The purpose of the Water Savings Fund is to provide funding for conservation projects, again largely on a contestable basis, to encourage water savings and the recycling of water, to stimulate investment in innovative water-saving measures, and to increase public awareness and acceptance of the importance of water-saving measures. The Minister can require Sydney Water and the electricity distribution network service providers—EnergyAustralia, Country Energy and Integral Energy—to make annual contributions to the relevant fund by order published in the *Government Gazette*. The order will specify the contribution amount and the time or times by which it must be paid. The amount is not to exceed any maximum set by regulation.

The bill also leaves provision for funds to be sourced from other mechanisms including any advances by the Treasurer,

appropriations by Parliament, investment proceeds of the fund or voluntary contributions by any person or body including State agencies if they wish to do so. Public calls for expressions of interest will be made for each of the funds to make sure we are supporting the best ideas brought forward by the New South Wales public and business. Selection criteria for the funds will ensure the greatest possible savings are made. Funding will be made available predominantly through a contestable pool, to promote value for money. Funds will be set aside within the Water Savings Fund for the existing Sydney Water programs such as the retrofitting of households and rebates for rainwater tanks.

The second initiative under this bill relates to requiring certain categories of high water and energy users to prepare savings action plans which set out measures to save water and energy. The Minister will specify the designated categories of water and energy users through savings orders published in the *Government Gazette*, and by when plans have to be prepared. For water, the designated users will include all local government councils within the target areas and other water users that may be prescribed in a savings order. Initially the designated users will include the thirstiest, that is, the top 200 non-residential water customers of the Sydney Water Corporation. For energy, the designated users initially will include the 200 highest energy users from business, local councils and State government agencies.

To allow the Minister to determine which are the highest users, the bill amends section 40 of the Act so the Minister can require certain water and energy providers to provide information about the identity of high users and the amount of water or energy being used. Draft savings action plans prepared by those users are to include a description of the designated user's current water and energy usage; include a list of individual water and energy savings measures prioritised in terms of water and energy saved, cost effectiveness and potential benefits; identify the water and energy savings measures included on that list that the designated water and energy user proposes to implement in the four-year period following approval of the action plan, including initial set-up costs and annual costs for each measure and time frames for implementation; and include any other matter prescribed by a savings order.

Users required to do both water and energy savings action plans can prepare a plan that covers both. The Minister for Energy and Utilities will issue guidelines, which must be complied with, concerning the preparation of such water or energy savings actions plans. Those guidelines are being prepared by the Department of Energy, Utilities and Sustainability, in consultation with business and local government. Once a savings action plan is approved by the Minister—with or without alteration—the plan has effect for four years. A plan can be amended or replaced if the designated user wishes to prepare a new one. The Minister may, by regulation, direct users to implement savings measures as necessary.

The bill amends the Energy Administration Act 1987 to enable regulations made under that Act to make provision for contributions that distribution network service providers are required to make to the Energy Savings Fund to be passed through to retail customers of electricity, and to enable the Governor to make regulations of a savings or transitional nature consequent on the amendment of the Act by the proposed Act. In conclusion, the bill will implement government initiatives for securing sustainable and affordable water and energy for New South Wales. The bill delivers ongoing benefits to water and energy consumers—large and small alike—and to all the people of New South Wales. I commend the bill to the House.