



## NSW Legislative Council Hansard Full Day Transcript

Extract from NSW Legislative Council Hansard and Papers Thursday, 5 May 2005.

### ENERGY ADMINISTRATION AMENDMENT (WATER AND ENERGY SAVINGS) BILL Second Reading

**The Hon. ERIC ROOZENDAAL** (Parliamentary Secretary) [6.02 p.m.]: I move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in *Hansard*.

#### Leave granted.

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 and Energy Savings Funds.

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 2010/2011 the expected benefits from initiatives supported by the funds include:

- \_ saving between 30 and 80 billion litres of water pa, which is 5-12% of Sydney's total water use;
- \_ saving 900,000 MWh per year;
- \_ a gross saving in consumer energy bills of \$370 million (NPV); 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 underway already to tap into the deep water stores at the bottom of 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, NSW regulated prices for electricity are currently lower than all other States. For example, in Melbourne the typical household bill is \$205 pa 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 which will complement plans to bolster generation over the next decade, as well as the State Government's 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, this will be addressed in the government's Energy Plan.

I will 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 being 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,
- 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,
- stimulate investment in innovative water savings measures, and
- increase public awareness and acceptance of the importance of water savings measures.

The Minister can require Sydney Water and the Electricity Distribution Network Service Providers (Energy Australia, Country Energy and Integral Energy) to make annual contributions to the relevant Fund by order published in the 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 a 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 expression of interest will be made for each of the Funds to make sure we are supporting the best ideas brought forward by the NSW 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 Gazette, and 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 (top) 200 non-residential water customers of 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 these users are to:

- include a description of the designated user's current water/energy usage,
- include a list of individual water/energy savings measures prioritised in terms of water/energy saved, cost effectiveness and potential benefits,
- identify the water/energy savings measures included on that list that the designated water/energy user proposes to implement in the 4 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 which 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. These guidelines are being prepared by DEUS, in consultation with business and local government.

Once a savings action plan is approved by the Minister (with or without alterations), the plan has effect for a period of 4 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 legislation before the House will implement Government initiatives for securing sustainable and affordable water and energy for NSW. The legislation delivers ongoing benefits to water and energy consumers – large and small alike – and to all of the people of New South Wales.

I commend the bill to the House.