

# Transforming NSW Energy Sector (Towards 100 percent Renewables) Bill 2014

## Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.

## Overview of Bill

The object of this Bill is to reduce the reliance of the State's energy sector on fossil fuel by facilitating movement towards an energy sector completely based on renewable energy sources, including:

- (a) by requiring the Government of New South Wales to take steps to develop renewable energy and energy efficiency measures that are sufficient to reduce the State's reliance on coal-fired and fossil gas-fired power stations, taking advice from an expert panel, and
- (b) by requiring the Government to stop providing fossil fuel subsidies to the fossil fuel industry and to re-direct those funds to renewable energy and energy efficiency measures, acting on the advice of the Independent Pricing and Regulatory Tribunal (*IPART*), and
- (c) by phasing out coal-fired and fossil gas-fired power stations by 2030, but guaranteeing ongoing employment of all workers at closed power stations, and
- (d) by preventing the expansion of the rest of the fossil fuel power industry.

## Outline of provisions

### Part 1 Preliminary

**Clause 1** sets out the name (also called the short title) of the proposed Act.

**Clause 2** provides for the commencement of the proposed Act on the date of assent to the proposed Act.

**Clause 3** defines certain words and expressions used in the proposed Act and contains certain interpretation provisions.

### Part 2 Planning for transformation of NSW energy sector

**Clause 4** specifies the object of the proposed Act (as described in the Overview), which the Government is required to take into account in exercising planning and other functions under the proposed Act.

**Clause 5** requires the Government to begin planning energy technologies involving renewable sources and energy efficiency measures within 1 month after the commencement of the proposed Act.

**Clause 6** requires the Government to implement that plan. The technologies and measures involved must be such as to make it possible that at least one coal-fired generator with a capacity of at least 500 megawatts will no longer be required by 2017.

**Clause 7** requires the Government to consider the object of the proposed Act, and the advice of the Expert Panel established under Part 3 of the proposed Act, when exercising planning and other functions under the proposed Act.

### Part 3 Transforming NSW Energy Sector Expert Panel

**Clause 8** requires the Minister to establish the Transforming NSW Energy Sector Expert Panel.

**Clause 9** specifies the functions of the Expert Panel, which are to examine the full range of energy options permitted by law in New South Wales, provide advice to the Minister on that examination, provide advice on any other matter that the Minister requires and make periodic reports to the Minister.

**Clause 10** lists the factors to be taken into account by the Expert Panel in exercising its

recommendations.

**Clause 11** requires the Expert Panel to periodically produce reports on increasing the electricity generation capacity of renewable energy technologies and on maximising energy efficiencies.

**Clause 12** requires members of the Expert Panel to disclose pecuniary interests.

## **Part 4 Phased closure of all existing coal-fired and fossil gas-fired power stations**

**Clause 13** requires the Minister to prepare, before the first sitting week of 2015, a timetable for the closure of all existing coal-fired and fossil gas-fired power stations in New South Wales before 2030 and to table that timetable in Parliament. The Minister is also required to give Parliament undertakings guaranteeing the employment security of employees of coal-fired and fossil gas-fired power stations closed under the proposed Act.

**Clause 14** requires the Government of New South Wales to make every effort reasonably possible to ensure that the timetable tabled under proposed section 13 is met, in particular, to ensure that all existing coal-fired and fossil gas-fired power stations in NSW are closed and decommissioned by 1 January 2030. The operator or former operator of a power station is not entitled to any compensation for any loss or damage suffered as a result of the operation of the proposed section.

**Clause 15** prohibits the operation of any coal-fired and fossil gas-fired power station after 1 January 2030. The operator or former operator of a power station is not entitled to any compensation for any loss or damage suffered as a result of the operation of the proposed section.

## **Part 5 Ban on establishing or expanding fossil fuel power stations**

**Clause 16** prohibits the establishment or expansion of coal-fired power stations. The operator or former operator of a power station is not entitled to any compensation for any loss or damage suffered as a result of the operation of the proposed section.

**Clause 17** prohibits the establishment of a fossil gas-fired power station with a capacity of 15 megawatts or greater, or the expansion of the capacity of existing fossil gas-fired power stations to 15 megawatts or greater. Any new fossil gas-fired power station must have a plan to transition to 100% renewable gas within 10 years.

## **Part 6 Removal of NSW government fossil fuel subsidies to coal and fossil gas operations**

**Clause 18** requires the Treasurer to refer to IPART certain matters relating to fossil fuel subsidies (that is, direct and indirect subsidies to the fossil fuel industry, including mining and combustion, that support electricity generation in New South Wales and that arise from the actions and policies of the Government of New South Wales).

**Clause 19** requires the Treasurer to act on IPART's report.

**Clause 20** requires the value of the fossil fuel subsidies saved by actions under the proposed Part to be re-directed for the purpose of facilitating development and expansion of the renewable energy and energy efficiency measures recommended by the Expert Panel under the proposed Act.

## **Part 7 Other steps towards 100 percent renewable energy**

**Clause 21** requires new guidelines to be prepared for the assessment and determination of planning proposals involving the establishment or expansion of wind farms.

## **Part 8 Miscellaneous**

**Clause 22** prohibits the disclosure of information acquired by reason of or in the course of the exercise of functions under the proposed Act.

**Clause 23** protects members of the Expert Panel from personal liability.

**Clause 24** provides that the proposed Act binds the Crown.

**Clause 25** provides that proceedings for an offence under the proposed Act may be dealt with summarily before the Local Court or the Supreme Court.

**Clause 26** enables the Governor to make regulations for the purposes of the proposed Act.

## **Schedule 1 Constitution and procedure of Expert Panel**

**Schedule 1** makes provision for the constitution and procedure of the Expert Panel established under the proposed Act.

## **Schedule 2 IPART investigation of fossil fuel subsidies**

**Schedule 2** makes provision for the investigation by IPART of a matter referred to it under Part 6 of the proposed Act.

## **Schedule 3 Amendment of Electricity Supply Act 1995 No 94**

**Schedule 3** provides for a feed-in tariff for all distributed renewable energy at a price set by IPART which approximates the relevant retail purchase price, allowing retailers to recover the unused Distribution Use of System charges from the distribution network service providers.