

Explanatory note

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

Overview of Bill

The object of this Bill is to establish the Climate Change Fund under the *Energy and Utilities Administration Act 1987* (the **Principal Act**) for the purposes of providing funding in relation to water and energy savings measures across the State (including reducing the impacts of climate change). The new Fund is a consolidation of the Energy Savings Fund and the Water Savings Fund currently established under the Principal Act and may be applied for purposes similar to those for which the existing funds may be applied.

Outline of provisions

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 1 July 2007.

Clause 3 is a formal provision that gives effect to the amendments to the *Energy and Utilities Administration Act 1987* set out in Schedule 1.

Clause 4 is a formal provision that gives effect to the consequential amendments to the *Electricity Supply Act 1995* set out in Schedule 2.

Clause 5 provides for the repeal of the proposed Act after all the amendments made by the proposed Act have commenced. Once the amendments have commenced the proposed Act will be spent and section 30 of the *Interpretation Act 1987* provides that the repeal of an amending Act does not affect the amendments made by that Act.

Schedule 1 Amendment of Energy and Utilities

Administration Act 1987

Schedule 1 [3] substitutes Divisions 2 and 3 of Part 6A of the Principal Act. The new Division 2 (proposed sections 34E–34I) establishes the Climate Change Fund (which is a continuation of the existing Water and Energy Savings Funds that are established separately under existing Divisions 2 and 3) and sets out the purposes of the new Fund and what money is to be paid into and out of the Fund. The purposes of the new Fund are similar to the existing funds (eg to provide funding to encourage water and energy savings) but will also include providing funding to reduce the impacts of climate change. Similar to the existing funds, the proposed Division provides that money may be paid out of the Fund with the approval of the Minister to fund all or any part of the cost of any water or energy savings measure that the Minister is satisfied promotes a purpose of the Fund. In the case of water saving measures, the application of the Fund will no longer be limited to a water savings area as currently defined in the Principal Act (ie the area of operations of Sydney Water and the local governments areas of Gosford and Wyong) but will be available to fund water savings measures in any area of the State.

The new Division 3 (proposed sections 34J–34M) of Part 6A replicates the existing provisions of Divisions 2 and 3 that enable the Minister, by order published in the Gazette (referred to in the new Division as a **contributions order**), to require State water agencies (such as Sydney Water) and distribution network service providers (within the meaning of the *Electricity Supply Act 1995*) to make annual contributions to the existing funds.

Schedule 1 [1] and [2] make consequential amendments on the establishment of the Climate Change Fund and the replacement of the existing Water and Energy Savings Funds.

Schedule 1 [4] enables regulations of a savings or transitional nature to be made as a consequence of the proposed Act. **Schedule 1 [5]** provides that the Climate Change Fund is a continuation of the existing Water and Energy Savings Funds and continues the operation of any contributions order made under existing Division 2 or 3 of Part 6A of the Principal Act.

Schedule 2 Consequential amendment of Electricity Supply Act 1995

Schedule 2 contains amendments to the *Electricity Supply Act 1995* that are consequential on the establishment of the Climate Change Fund (and the replacement of the Energy Savings Fund) and the renumbering of the provision that enables the Minister to require distribution network service providers to make annual contributions.