



## Don Harwin MLC

Minister for Resources, Minister for Energy and Utilities,  
Minister for the Arts, Vice-President of the Executive Council

Mr David Blunt  
Clerk of the Parliaments  
NSW Legislative Council  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000

Dear Mr Blunt,

I refer to the Inquiry into Electricity Supply, Demand and Prices (the Inquiry) and the report released on 22 November 2019. I welcome the opportunity to provide a response on behalf of the NSW Government to the Select Committee's report.

The report of the Select Committee on Electricity Supply, Demand and Prices highlights the importance of transparency in electricity prices, assisting households and businesses manage their energy bills, competition in energy markets, and managing the transition of energy markets from predominantly coal fired generation to a more diverse energy mix. The NSW Government welcomes the report and its effective endorsement of a number of current NSW Government actions that are already addressing these priorities.

The NSW Government is working to make energy more affordable and support electricity system security to meet the needs of a modern energy system. It is doing this through a coordinated set of NSW policy initiatives and through support for energy market reforms at the national level that is through COAG Energy Council.

### **The NSW Government is promoting competition in electricity markets**

The NSW Government believes that competition in electricity markets will deliver the best outcomes for consumers. To this end, the Government deregulated electricity prices in 2014.

To help ensure that customers see the benefits of a competitive market, the NSW Government has tasked IPART with conducting an annual review of competition in the retail electricity market. There is evidence of increased competition since deregulation. The share of the retail electricity market of small retailers has more than doubled from 7% in June 2014 to 15% in June 2018. The number of small customers on market offers has increased from 63% in 2014 to 83% in 2018.

In addition, the Commonwealth Government has now tasked the ACCC to monitor prices, profits and margins in the supply of electricity in the National Electricity Market, providing further oversight of electricity markets.

NSW Government programs, including the Emerging Energy Program, the Pumped Hydro Roadmap, the Regional Community Energy Program and Transmission Infrastructure Strategy should also support additional investment and competition in generation.

### **The NSW Government is supporting the establishment of effective price benchmarks**

The NSW Government, through the COAG Energy Council, is supporting the development of a reference bill amount against which other offers can be measured. The Australian Energy Regulator is currently developing a mechanism for this.

IPART reviewed the ACCC's proposal for a default tariff in its Review of the performance and competitiveness in the retail energy market in NSW for 2017-18. IPART reported that the introduction of a default tariff could result in lessened competition and higher prices in the long term.

### **The NSW Government is implementing actions to support energy affordability**

To support energy affordability the Government is working to ensure consumers can get the most out of competition, and that households and vulnerable customers get the support that they need.

The NSW Government is working to ensure that customers can engage effectively with energy markets to get the best offer for their needs. The recently introduced Energy Switch service can help customers find a cheaper deal. Energy Switch works by using a customer's latest electricity bill to find the three lowest cost electricity plans available. It also displays other features of each plan such as solar compatibility. If a switch is requested, Service NSW will inform the energy provider.

As well, the NSW Government introduced new rules requiring retailers to inform and assist rebate customers that are on the standing offer to identify the most appropriate market offer.

The NSW Government supports national rule changes to prohibit certain confusing retailer discounting practices and to ensure that customers are notified in advance of changes in retail electricity prices.

The NSW Government has clear objectives to continue to assist those most in need reduce their energy bills. The NSW Government rebates and the EAPA program supported around 914,000 low income and vulnerable households save an average 18% on their electricity bill and 246,000 low income and vulnerable households save an average 15% on their gas bill.

In 2017-18, the NSW Government increased rebates for low income households and persons on medical rebates by 20%.

Other programs to improve energy affordability include the Solar for Low Income Households trial program (\$15m) which will provide up to 3,400 rooftop solar power systems to low-income households, helping reduce energy costs.

### **The NSW Government is helping households and business better manage energy use**

The NSW Government has programs to lower household energy costs by helping them better manage their energy usage, including support from the Climate Change Fund. The Home Energy Action program: provides discounts to concession card holders to buy efficient appliances; partners with social, public and Aboriginal housing providers to deliver energy efficiency improvements for households; and, in partnership with retailers, supports subsidised solar panels to energy hardship customers in social housing.

Further, the NSW Government sets energy and water saving performance requirements for residential buildings through the BASIX planning tool. Improved energy performance helps to lower energy costs. The Energy NSW website also includes advice on lowering energy use.

The NSW Government helps business, including small businesses, manage energy costs. The Household and Small Business Upgrade Program assists small business to upgrade selected inefficient equipment. As well, assistance will be provided to assist energy intensive manufacturers upgrade inefficient equipment and reduce energy costs.

Further, the Energy Management Services training and support program for business helps participants understand their energy use and identify opportunities to implement energy management projects.

Also, the NSW Government has a number of programs that utilise demand response and smart technologies to help provide capacity to the system when required, such as the NSW Demand Response Program (\$14m, delivered in partnership with ARENA) and the Smart Batteries for Key Government Buildings program (\$20m) which will create additional capacity.

### **The NSW Government is supporting electricity supply reliability as the energy market transitions**

Complementing our energy efficiency and demand management initiatives, the NSW Government understands the importance of reliable power as the energy market transitions. To this end, the NSW Government is supporting the introduction of a Retailer Reliability Obligation through COAG Energy Council processes.

The NSW Emerging Energy Program will support the commercialisation of new, large scale, electricity projects that use emerging technology and can provide on-demand energy. As well, the Pumped Hydro Roadmap will help create opportunities for pumped hydro energy and storage in NSW.

The Bayswater upgrade was declared Critical State Significant Infrastructure in March 2018, and was approved by the Minister for Planning on 7 December 2018. This followed a comprehensive assessment of the project in consultation with key government agencies and the local council, and consideration of issues raised in community submissions. In addition, the Transmission Infrastructure Strategy will help increase access to low cost energy capacity from neighbouring states and the Snowy region. By 2040, the Strategy will also help facilitate new transmission that could support up to 17,700 megawatts of new electricity generation in Energy Zones located in the state's New England, Central-West and South-West regions.

Yours sincerely,



**Don Harwin MLC**  
 Leader of the Government in the Legislative Council  
 Minister for Resources  
 Minister for Energy and Utilities  
 Minister for the Arts  
 Vice-President of the Executive Council

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