

BUDGET ESTIMATES 2009-2010
GENERAL PURPOSE STANDING COMMITTEE NO. 5

Questions on Notice relating to the portfolio of Energy

Questions from Dr. Kaye

QUESTION

1. What is the total value of green power electricity generated by the micro hydro at the base of Jindabyne Dam since it was commissioned in January 2006?

ANSWER

This is a matter for the Treasurer as Shareholding Minister.

QUESTION

2. What was the write down value of Mowamba Aqueduct and weir at the time of the proposed sale of Snowy Hydro? What was the valuation in Australian dollars of the fixed assets of Mowamba weir and Mowamba Aqueduct?

ANSWER

This is a matter for the Treasurer as Shareholding Minister.

QUESTION

3. What is the net gain or loss in terms of electricity generation of water from Jindabyne dam ie. how much electricity is required to pump a gigalitre of water out of the dam and how much electricity is generated when a gigalitre of water is released to the west?

ANSWER

I am advised that it takes 0.7 GWh to pump 1 GL out of Jindabyne, for which Snowy Hydro can then generate 18 GWh at its Murray Power Stations.

QUESTION

4. What would be the dollar value to Snowy Hydro Ltd in terms of return from electricity generation of the 56 gigalitres remaining in the Mowamba Borrowings Account?

ANSWER

This is a matter for the Treasurer as Shareholding Minister.

QUESTION

5. Will the new nationally uniform MRET override the current ban in NSW on burning native forest wood to generate electricity?

ANSWER

I am advised:

No.

QUESTION

6. How much does Energy Australia spend each year in pruning trees to avoid power lines?

ANSWER

I am advised EnergyAustralia invests about \$20 million each year on tree trimming and vegetation management.

Questions from Mr Gay

QUESTION

7. Minister are you aware that the Australian Bureau of Agricultural and Resource Economics (ABARE) states that in 2011 the average dairy farm will be paying an extra \$600 or 6.9 percent a year for electricity when the permit price is capped at \$10 a tonne. But in 2015 when the carbon permit price could be around \$28 a tonne, ABARE estimates the cost of electricity for a dairy farm will rise by 24 percent or around \$2200 a year?

- a. What kind of ramifications does this Federal Labor legislation have for our already struggling dairy farmers and agriculture in NSW?
- b. Minister what assurances can you give to NSW dairy farmers that you will protect them from such huge price rises?

ANSWER

I am advised:

The Commonwealth Government has publicly released modelling on the costs associated with the Carbon Pollution Reduction Scheme (CPRS).

The Government has committed to extending retail price regulation until at least 30 June 2013 or beyond until the Government is satisfied there is sufficient competition in the NSW retail energy market. All residential and small business customers that consume less than 160 megawatt hours (MWh) of electricity per annum are able to access regulated retail prices.

QUESTION

8. Minister, are you aware of the Bush Fire Royal Commission in Victoria?

- a. Minister, has your department been following the Victorian Royal Commission into the Black Saturday fires?
- b. Do you have any reports at this stage on what effects it'll have for our network?
- c. Minister, given we are just about to enter into bush fire season, what lessons are there for NSW?
- d. Has the department reported to you on whether there will be cost ramifications?

ANSWER

I am advised the Energy Branch of Industry and Investment NSW is monitoring the recommendations of the Bush Fire Royal Commission in Victoria. To date no recommendations relating to bushfire risk management

and electricity networks have been made. Any recommendations made will be assessed by the Department to determine if changes to the existing bushfire risk management obligations imposed on network businesses are required.

QUESTION

9. Minister what does the Government's Business Plan indicate the extra added value will be by linking the Cobbora EL to a joint venture with the generators thus giving buyers a vertically integrated power company?

ANSWER

This is a matter for the Minister for Finance as the Minister responsible for the Energy Reform Strategy.

QUESTION

10. Minister what is the current status of ERM Power's development application for the proposed gas fired power station in near Wellington?

ANSWER

I am advised the status of the Project Approval is available from the Department of Planning's website, and that Project Approval was granted by the Minister for Planning on 4 March 2009.

QUESTION

11. Minister are you aware of concerns expressed to us from small business owners in the Narrandera region that because of your Government's implementation of the new smart metering system they are facing a more than 53% increase in their electricity costs, including the 20% IPART price rise?

a. Minister can you understand their serious concerns about these new pricier metering systems on top of IPART's already hefty cost increase?

b. Many of these small businesses are struggling to stay afloat and could go under if they have to foot such huge electricity costs. NSW energy users are likely to see more cost increases in the near future.

i. What is the Government doing to protect the competitiveness of NSW small businesses and enterprises that rely on energy as a major output?

ANSWER

I am advised that Country Energy remains committed to resolving any concerns particular customers may have, and to providing them with detailed information on the choices available to them, advice about reducing energy use and associated costs, and explanations for any apparent anomalies they may perceive.

I am advised that Country Energy is not undertaking any special metering activities in the Narrandera region that would have significant impacts on the pricing arrangements to customers.

Large customers, that is customers who use more than 160 megawatt hours of electricity (MWh) per annum, are required to have metering installed that complies with national market codes, which can include different meter types.

The Government has committed to extending retail price regulation until at least 30 June 2013 or beyond until the Government is satisfied there is sufficient competition in the NSW retail energy market.

All residential and small business customers that consume less than 160 megawatt hours (MWh) of electricity per annum are able to access regulated retail prices.

Households and small business customers who are unable to resolve a dispute with their energy retailer are encouraged to contact the Energy and Water Ombudsman on telephone 1800 246 545.

QUESTION

12. How are valuations being determined on assets that will be put into the NBN company?

- a. How will they be put in – through lease, acquisition, payment for services?
- b. Who will be responsible for defects etc?
- c. Who will be on the board on behalf of the assets put in by NSW?
- d. If the rest of the assets are being transferred what is the impact on the balance sheets of the entities involved and the States as a whole?
- e. In light of the fact in the last budget the Government increased debt load and expects increased dividends, what impact will this possible asset transfer have to gearing the nations' ability to pay debt?

ANSWER

I am advised questions regarding the NBN company should be directed to the Commonwealth Government.

QUESTION

13. Minister your Government stated expectation that the development sites will deliver substantial profits. Can you explain why companies will pay large amounts of money for these sites when other sites are available for nominal amounts? For example the ex Queensland Gas Company site, vacant land near Bayswater \$ Lidell, and available sites near Newcastle switchyard?

ANSWER

This is a matter for the Minister for Finance as the Minister responsible for the Energy Reform Strategy.

QUESTION

14. Minister what advice, if any, has the Government received on the current timing of the sale?

a. Minister are you aware that the looming introduction of a carbon pollution cost of an unknown amount, and the potential expiry of a number of underlying fuel supply contracts in coming years – creates major uncertainty and potential cost increases?

b. Minister what information do you have that shows that now is a good time to sell the generator trading rights?

ANSWER

This is a matter for the Minister for Finance responsible for the Energy Reform Strategy.

QUESTION

15. Minister consumer and business electricity prices are expected to rise in coming years due to carbon trading, fuel cost increases, network cost increases and increasing Mandatory Renewable Energy Target requirements.

a. Minister what plans does the NSW government have in place to protect pensioners and low-income households from these increases when the retail businesses are privately owned and out of their direct control?

ANSWER

I am advised:

The Government will continue its strong regulatory role to ensure the range of consumer protection measures are maintained, including social programs for pensioners and hardship measures. Both privately and publicly owned retailers are currently subject to the same stringent obligations regarding consumer protections, and this will continue to be the case following the implementation of the Government's energy reform strategy.

The Government has committed to extending retail price regulation for small customers until at least 30 June 2013 or beyond until the Government is satisfied there is sufficient competition in the NSW retail energy market.

The Government has brought forward the implementation of the \$272.5 million Consumer Protection Package to assist families meet the electricity price increases that came into effect on 1 July 2009. The Package includes the following measures:

- \$65 million over five years to increase the NSW Energy Rebate (formerly the Pensioner Energy Rebate) from \$112 to \$130 per year, and indexed to CPI thereafter, which came into effect on 1 July 2009;
- \$27.5 million over five years to extend the NSW Energy Rebate to Commonwealth Health Care Card holders who also receive Carers Allowance (child under 16), Sickness Allowance or Special Benefits, which also came into effect on 1 July 2009;
- \$55 million over five years to increase the funding under the current Energy Accounts Payment Assistance (EAPA) Scheme to \$100 million; and
- \$125 million over five years to support the introduction of a Customer Assistance Policy for small domestic customers.



John Robertson MLC
Minister for Energy