



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party
Date Referred: 8/03/2019

Proposal No: B399
Date Published: 18/03/2019

Proposal Title: Re-regulate power prices

Cluster: Premier and Cabinet

General Government Sector Impacts

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	792	2,270	2,016	2,066	7,144
Depreciation	-	-	-	-	-
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
Net Operating Balance:	(792)	(2,270)	(2,016)	(2,066)	(7,144)

Capital Expenditure	-	-	-	-	-
Capital Offsets	-	-	-	-	-
Net Capital Expenditure:	-	-	-	-	-

Net Lending/(Borrowing):	(792)	(2,270)	(2,016)	(2,066)	(7,144)
---------------------------------	--------------	----------------	----------------	----------------	----------------

Total State Sector Impacts

Net Lending/(Borrowing):	(792)	(2,270)	(2,016)	(2,066)	(7,144)
---------------------------------	--------------	----------------	----------------	----------------	----------------

Notes and costing assumptions

The policy proposes the Independent Pricing and Regulatory Tribunal (IPART) would regulate final electricity prices to consumers from July 2019.

Under the policy, IPART would set a maximum price for standing electricity offers to consumers. It would also ensure electricity prices are fair and efficient, and not excessive compared to the costs of supply.

The estimated cost of the policy over the forward estimates is \$7.1 million, based on IPART's estimates of the extra staff and other costs that would be incurred to perform this function. The breakdown of staff and other costs is shown in the Table below.

	2018-19	2019-20	2020-21	2021-22
Staff costs \$ 000	\$586	\$1,461	\$1,498	\$1,535
Other costs \$ 000	\$206	\$809	\$518	\$531
Total costs \$ 000	\$792	\$2,270	\$2,016	\$2,066

IPART also advises the earliest it could determine prices that are efficient and not excessive would be 2020, based on it receiving a direction to do so in April 2019 under Section 12A of the *IPART Act*. Legislative and regulatory changes would be required to implement the policy.

