



PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

Referred by: Coalition **Proposal No:** C1682
Date Referred: 9/02/2023 **Date Published:** 20/03/2023
Proposal Title: Energy Bill Relief for NSW Families
Cluster: Cross-Cluster

General Government Sector Impacts

	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	4 year Total \$'000
Expenses (ex. depreciation)		550,000			550,000
Depreciation					-
Less: Offsets					-
Revenue					-
Net Operating Balance:	-	(550,000)	-	-	(550,000)

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

Net Lending/(Borrowing):	-	(550,000)	-	-	(550,000)
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Total State Sector Impacts

Net Lending/(Borrowing):	-	(550,000)	-	-	(550,000)
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Notes and costing assumptions:

The policy proposes to provide households \$250 off their energy bills when they compare their current energy deal using the Service NSW (SNSW) comparison tool. The program will operate for six months from 1 July to 31 December 2023.

The policy assumes that implementation costs for retailers will be absorbed. The Parliamentary Budget Office (PBO) considers this to be feasible given energy retailers already have systems in place to apply credits to customers' energy bills under the existing Energy Social Programs.

The policy also assumes that the cost of re-activating the SNSW comparison website and other administrative costs, will be absorbed. The PBO assumes that the tool being referred to in the policy is the SNSW Energy Switch (see *Service NSW costs*).

The estimated cost of the policy is \$550 million in 2023-24. This cost relates only to the bill relief provided to participants of the program; it excludes the cost to rebuild the comparison tool and any other associated administration costs.

Notes and costing assumptions continued:

Assumptions

NSW Treasury advised that there are about 3.4 million 'on-market' residential electricity accounts in New South Wales. On-market accounts refer to accounts held by households that receive energy bills issued by a retailer of their choice.

In contrast, there are 'on-supplied' accounts held by households that receive energy bills issued by, or on behalf of, the owner/management of their residential community, retirement village or strata scheme. Because households with on-supplied accounts do not have a choice of energy provider, these accounts have been excluded in the analysis.

NSW Treasury further advised that an uptake rate of 65 per cent is reasonable in estimating demand for the program. This is the same uptake rate observed from a similar program introduced by the Victorian Government.

Therefore, if the forecast demand (65 per cent of 3.4 million households or 2.2 million households) was multiplied by \$250, the estimated total cost would be \$550 million.

Service NSW costs

SNSW advised there will be costs to rebuild the Energy Switch tool. Before it was retired in 2021, Energy Switch cost \$5.2 million to build, \$3.3 million to upgrade, and \$2.3 million per year to maintain.

SNSW advised that it will cost about \$2 million to rebuild the tool for use under the policy, and \$150,000 to decommission it.

As the policy assumes that these costs would be absorbed, the PBO notes that this would involve scaling back of other projects within SNSW as funds will need to be repurposed for Energy Switch and its administration.