



New South Wales Government

Department of Premier and Cabinet

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Ms Alison Peters
Chairperson
Forum of Non Government Agencies
C/- NCOSS
66 Albion Street
SURRY HILLS NSW 2010

Dear Ms Peters

The Premier has received your correspondence about the recently announced changes to the NSW electricity sector, and has asked me to reply to you on his behalf.

The NSW electricity supply needs to keep up with the energy requirements of families and businesses across the State. NSW needs new baseload electricity generation built by about 2014.

To secure NSW's future energy needs **at no cost to taxpayers**, the NSW Government has accepted the key recommendation of the Owen Inquiry into Electricity Supply in NSW to restructure ownership arrangements for its electricity generation and retail businesses.

The restructure will involve the transfer of the Government's retail electricity functions to the private sector, and the lease of NSW power stations, with the exception of Snowy Hydro.

All current electricity infrastructure **assets will remain in public ownership**. That includes the power stations and the transmission and distribution 'poles and wires' of the State-owned companies EnergyAustralia, Integral Energy and Country Energy, as well as TransGrid.

The reforms will create the right conditions and incentives for the private sector to invest in baseload generation in New South Wales, saving taxpayers up to \$15 billion and unlocking funds for investment in roads, trains, hospitals, schools and other essential infrastructure.

In reaching these decisions, the Government has committed to ensure that NSW families will not be worse off

Electricity customers – households and small businesses – will continue to be **protected by retail price regulation** to at least 2013 or until the Government is satisfied that competition in the retail energy market is effective. Regulated retail prices are set by the Independent Pricing and Regulatory Tribunal.

The Government will also maintain its strong **customer protection framework** for households and small businesses. This framework includes:

- assistance to vulnerable customers in meeting their energy bills, such as pensioner and life support rebates and emergency energy accounts payment assistance;
- requiring all electricity retailers to be members of the Energy and Water Ombudsman scheme, and to abide by the Ombudsman's rulings;
- allowing customers facing financial difficulties to pay in instalments;
- very strong disconnection procedures, which prevent disconnection when a matter is before the Ombudsman, or when customers are on life-support equipment, are seeking assistance from a Government-funded social program or are seeking to pay by instalments under a retailer's payment plan;
- compulsory compliance with the NSW Marketing Code of Conduct, that governs everything from what time a marketer can knock on a door to offer a new electricity contract, to the information that the retailer must provide in a contract, and ensuring that there is a cooling off period when a new contract is signed; and
- 'retailer of last resort' regulations, designed to ensure that all customers have a continuous supply of electricity, even if their supplier exits the market.

The NSW Department of Water and Energy will also establish an electricity and gas price comparison service for households and small businesses

The Minister for Energy will continue to draw on the advice of the Reference Group on Consumer Protection in the Energy Market, which comprises a number of different stakeholders including consumer advocates. The Reference Group works closely with the Minister to continually improve the effectiveness of the consumer protection framework for the NSW energy sector

Thank you for taking the time to write to the Premier on this issue.

Yours sincerely



J.L Schmidt
for Robyn Kruk
Director General