

## DRAFT SECOND READING SPEECH

Hon Peter Gutwein MP

### *ELECTRICITY, WATER AND SEWERAGE PRICING (MISCELLANEOUS AMENDMENTS) BILL 2020*

Madam Speaker,

Throughout this unprecedented global pandemic, the Government has remained committed to reforming and adapting administrative arrangements to manage and mitigate the impact on our economy and community.

In these challenging times, the maintenance of our essential infrastructure services such as electricity and water and sewerage services is critical.

The independent regulation of electricity and water and sewerage prices is a forward looking process with pricing proposals and regulatory determinations extending out a number of years into the future. The regulatory pricing periods for both these industries are due to expire at the end of the current financial year. However, the current pandemic is creating widespread uncertainty. This affects the ability of our regulated service providers to plan ahead to determine the needs of customers and the costs of service delivery, both of which impact upon pricing outcomes. Uncertainty and risk usually lead to the application of financial contingencies that may place upward pressure on prices.

This Bill extends the current regulatory periods for electricity and water and sewerage by 12 months. For electricity, this will apply to the regulatory periods for both regulated small customer retail prices and the regulated Feed-in Tariff rate. The Bill extends the regulatory periods on the same basis that applies under the current regulatory determinations.

This will provide additional time for both Aurora Energy and TasWater to better assess their respective current and future operating environments and provide pricing submissions to the Tasmanian Economic Regulator that reflect the most efficient outcomes for the Tasmanian community.

Madam Speaker,

This Bill amends the *Electricity Supply Industry Act 1995* to extend the application of the 2016 Standing Offer Price Determination for regulated standing offer electricity prices by 12 months to 30 June 2022. This will allow the Tasmanian Economic Regulator to approve prices for 2021-22 under the provisions of the current Price Determination.

The Bill also extends the application of the 2019 Regulated Feed-in Tariff Rate Determination by 12 months to 30 June 2022. Again, the extension of the regulatory period means that the Tasmanian Economic Regulator will calculate the regulated Feed-in Tariff to apply for 2021-22 on the same basis that currently applies.

Madam Speaker,

This Bill also amends the *Water and Sewerage Industry Act 2008*.

The Bill will extend the application of the 2018 Water and Sewerage Price Determination by 12 months to 30 June 2022.

This means that the maximum prices for 2020-21 stipulated in the 2018 Water and Sewerage Price Determination will remain unchanged for 2021-22.

However, the Government and TasWater signed a Memorandum of Understanding on 1 May 2018, with commitments to accelerate water and sewerage infrastructure investment and deliver improved water and sewerage services. The MoU also included a price freeze in 2019-20 and an annual price increase cap of 3.5 per cent from 2020-21 to 2024-25.

In addition, water and sewerage prices have been frozen for 2020-21 in response to the COVID-19 pandemic. This means that, actual prices for 2021-22 will be lower than the regulated maximum prices contained in the extended price determination and are expected to continue to be set in line with the annual price cap provisions contained within the MoU.

Madam Speaker,

These amendments will also ensure that TasWater's current approved Price and Service Plan will apply for an additional year to 30 June 2022. This will result in the approved customer services arrangements and customer service contract continuing unchanged into 2021-22.

To further maintain the current regulated service arrangements, the Bill also amends the Customer Service Code issued by the Tasmanian Economic Regulator to ensure that the minimum service standards set out in the Code for 2020-21 will also apply for 2021-22.

The Bill also sets the next water and sewerage regulatory period to align with the extension of the current regulatory period, with the next regulatory period to commence on 1 July 2022 and run for four years until 30 June 2026.

Madam Speaker,

This Bill is another example of the Government acting to ensure that regulatory arrangements respond and adapt appropriately to the current pandemic situation.

The amendments within the Bill will provide time for Aurora and TasWater to develop pricing submissions that better reflect the likely future needs of the Tasmanian economy and community. This will result in pricing proposals that are more efficient and based on less uncertainty than would currently be the case.

The Bill will maintain pricing and customer service outcomes in line with the current regulatory arrangements and does not place any additional regulatory or administrative burdens upon Aurora or TasWater.

The amendments will provide for improved regulatory outcomes in terms of prices faced by the Tasmanian community while ensuring efficient financial outcomes to support the ongoing sustainability of these essential services.

Madam Speaker,

I commend this Bill to the House.