

Second Reading Speech

National Energy Retail Law (Tasmania) (Consequential Amendments) Bill 2012

Mr Speaker,

The *National Energy Retail Law (Tasmania) (Consequential Amendments) Bill 2012* makes consequential amendments to the *Electricity – National Scheme (Tasmania) Act 1999*, the *Electricity Supply Industry Act 1995* and the *Energy Ombudsman Act 1998* consequent on the enactment of the *National Energy Retail Law (Tasmania) Bill 2012*.

Mr Speaker, this Bill will ensure that Tasmania's electricity legislation is consistent with the new national energy customer protection framework.

The consequential amendments proposed in the Bill do not represent any change to Tasmania's existing arrangements for the retail electricity supply sector and have been supported by key stakeholders.

They are about amending the underlying mechanisms for regulation without diminishing the existing market and policy settings in each jurisdiction. Effectively this means that Tasmanian electricity customers will be afforded the same or, in some cases, an enhanced level of customer protection.

Consideration of broader Tasmanian electricity market and policy settings is a separate matter which may be addressed as part of the Government's response to the Energy Expert Panel's Final Report.

Mr Speaker, under the national framework, the authorisation and regulation of the retail electricity market, except for matters relating to pricing, will be undertaken by the Australian Energy Regulator. The Australian Energy Regulator will be responsible for issuing retailer authorisations to retailers selling, or intending to sell, electricity in Tasmania.

This means that the Tasmanian Economic Regulator will no longer be required to issue retail licences under the *Electricity Supply Industry Act* to retailers in Tasmania.

As a result the current Tasmanian legislative framework, which is centred on the licensing framework in the *Electricity Supply Industry Act*, requires a set of amendments to retain the existing arrangements.

Electricity price regulation for small customers, defined as those customers consuming less than 150 megawatt hours of electricity per year, remains a jurisdictional responsibility and will continue to be regulated by the Tasmanian Economic Regulator.

As a result, this Bill includes amendments to the *Electricity Supply Industry Act* to maintain Tasmania's current arrangements for retail services provided by Aurora Energy to non-contestable customers and for the sale of electricity to customers in the Bass Strait Islands.

The Bass Strait Islands are excluded from the operation of the national customer protection framework as it only applies to the sale and supply of electricity to customers whose premises are connected, or are able to be connected, to the national electricity system. Existing customer protection measures for customers in the Bass Strait Islands will be maintained.

The Bill ensures that the existing tariff approval processes under which the Tasmanian Economic Regulator is required to approve Aurora Energy's prices and charges are maintained.

The Bill also maintains the arrangements for the approval of prices, charges and conditions for the Bass Strait Islands.

Provisions have also been included in the Bill to allow the Tasmanian Economic Regulator to recover its reasonable costs associated with administering the tariff approval process from Aurora Energy, being the only retailer authorised to supply non-contestable customers. Previously, the Regulator recovered such costs through licence fees.

The Tasmanian Economic Regulator is also permitted to recover from Aurora Energy the reasonable costs associated with performing its functions under the Act in respect of the regulation of non-contestable customers, which was also previously recovered through licence fees.

The Bill repeals the provisions that provide for a Tasmanian retailer of last resort scheme as a comprehensive and robust retailer of last resort scheme is provided for under the National Energy Retail Law. The scheme allows for the national coordination of these important regulatory arrangements by a single regulator, namely the Australian Energy Regulator.

The retailer of last resort scheme under the National Energy Retail Law seeks to ensure the continued supply of electricity for customers where a retailer exits the market due to solvency issues or for other reasons. The scheme also provides financial security for the wholesale electricity market if a retailer leaves the market.

Mr Speaker, the current Tasmanian contestability thresholds are retained in the Bill. Non-contestable customers are all residential customers and business customers whose consumption of electricity is below 50 megawatt hours per annum.

In addition, the classification of contestable customers currently known as standing offer contestable customers that consume between 50 and 150 megawatt hours of electricity per year is being maintained. The Bill refers to these customers as small contestable customers. Under the national framework, these customers will continue to have access to Aurora Energy's regulated tariff, as well as benefiting from all of the enhanced customer protection measures.

Mr Speaker, the Bill also maintains the prohibition that prevents Hydro Tasmania, or any of its subsidiaries, and related bodies, from selling, or offering to sell, electricity to a customer on mainland Tasmania. This prohibition was previously effected through a prohibition on Hydro Tasmania holding a retail licence for mainland Tasmania.

The Bill also makes a number of consequential amendments to definitions used in the Electricity Supply Industry Act and repeals definitions and provisions that will be redundant following the application of the national framework in Tasmania.

The Bill also amends the Electricity–National Scheme (Tasmania) Act to ensure that any decisions or instruments made by the Australian Energy Regulator under the National Electricity Law that relate to the National Energy Retail Law are taken to be valid as they apply to the National Energy Retail Law in Tasmania.

Mr Speaker, the Bill also amends the Energy Ombudsman Act so that that Act will apply to customers of authorised retailers, as well as persons who are supplied electricity by onsellors who are not required to hold licences or retail authorisations. This means that customers in embedded networks, such as caravan parks or shopping centres, will have access to the Ombudsman scheme.

Mr Speaker, I commend the Bill to the House.