



NSW Government

Department of Water & Energy

NSW Government announces response to Owen inquiry

Monday 10 December, 2007

Premier Morris Iemma today announced the NSW Government's response to the Owen inquiry into electricity supply in NSW.

Mr Iemma said the Government would accept Professor Owen's key recommendations while still keeping electricity assets in public ownership.

The key points of the NSW Government's response to the inquiry findings are as follows:

- In order to provide for new energy generation by the private sector, the NSW Government would lease existing electricity generators to private operators, while keeping them in public ownership.
- State-owned companies EnergyAustralia, Integral Energy and Country Energy will keep their 'poles and wires' assets in Government ownership, fulfilling their important distribution function, while their retail lists and functions will move to private operators.
- NSW electricity consumers will be protected with regulated prices by IPART for households and small businesses until 2013, or until the NSW Government is satisfied there is effective competition to keep downward pressure on retail electricity prices.
- The Government will continue its strong regulatory role to ensure the range of consumer protection measures, including social programs for pensioners and hardship measures are maintained.
- Job security for public sector retail and generation electricity workers across the State will be guaranteed.
- A Consultative Reference Group will be established to test the impact of the reforms.

The exact structure of the sale of the retail licences and lease of generators are still to be determined. Options include trade sales of retail, leases of generation and an Initial Public Offering, or a combination, and will be determined after further consultation, including with the ACCC.

It is expected the decision will save NSW tax payers up to \$15 billion by fostering private investment in new baseload generation capacity by 2013-14. The money saved will be invested in a new NSW Intergenerational Fund to generate income sufficient to replace dividends from the State-owned electricity corporations.

The Fund will be used to support NSW Government priorities in the areas of Health, Education, Transport and the Environment, including:

- Urban transport – Euro-style metro rail and M4 extension;
 - Improving regional and rural water outcomes;
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- Rural and regional transport improvements;
- Developing cost-effective energy efficient measures; and
- Supporting clean energy including clean coal and renewable energies.

The Premier also announced a new Energy Efficiency Strategy to strengthen the NSW economy and continue efforts to drive down greenhouse gas emissions, including:

- An energy efficiency audit and refit program for householders to help low income earners improve the energy efficiency of their homes through practical measures like replacing inefficient appliances;
- Requiring the top 200 energy users to implement cost-effective energy savings measures;
- Early roll-out of smart meters, time-of-use pricing, and an education program to teach consumers how to use the meters to save energy and money;
- Energy efficiency audits for small and medium businesses;
- Working with industry and the Commonwealth to find cost-effective options for phasing out inefficient electric hot water heaters;
- Improving Government's energy efficiency performance through energy savings projects across government buildings, hospitals and schools; and
- Appointing an energy co-ordinator, within the Office of Co-ordinator General, to assist commercially feasible energy generation projects, particularly renewable and low emissions proposals.

The NSW Government will support the development of a national energy efficiency trading scheme.

In addition the NSW Government today announced more funding for clean energy initiatives, including \$200 million (\$160 million new funds) for a Clean Energy Fund made up of:

- An additional \$60 million to boost the Renewable Energy Development Fund to \$100 million; and
- \$100 million for a Clean Coal Fund to be administered by a Clean Coal Council.

The funds will assist the development and growth of renewable energy sources like solar and wind and aid the commercialisation of clean coal technologies.

More information on this announcement is available on the [Department of Premier and Cabinet's website](#)