

[Act 1997 No 21]



New South Wales

Electricity Legislation Amendment (Wholesale Electricity Market) Bill 1997

Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.

This Bill is cognate with the *National Electricity (New South Wales) Bill 1997*.

Overview of Bill

The object of this Bill is to amend the *Electricity Supply Act 1995* and the *Electricity Transmission Authority Act 1994* so as to facilitate the staged introduction of a national electricity market. Specifically, the Bill is intended to enable the New South Wales and Victorian markets for wholesale electricity supply to be harmonised. The Bill also makes miscellaneous amendments to the *Electricity Supply Act 1995* to streamline its administration.

Outline of provisions

Clause 1 sets out the name (also called the short title) of the proposed Act.

Clause 2 provides for the commencement of the proposed Act on a day or days to be appointed by proclamation.

Clause 3 is a formal provision giving effect to the amendments to the *Electricity Supply Act 1995* set out in Schedule 1.

Clause 4 is a formal provision giving effect to the amendments to the *Electricity Transmission Authority Act 1994* set out in Schedule 2.

Schedule 1 Amendment of Electricity Supply Act 1995

Functions of Market and System Operator

It is proposed to amend section 78 of the Act so as to make it clear that the functions of the Market and System Operator extend to entering into, and regulating the conduct of participants in, interstate wholesale market arrangements (Schedule 1 [17] and [18]) and to amend section 82 of the Act so as to make it clear that money received or paid out in connection with such arrangements is channelled through the Market Settlements Fund administered by the Market and System Operator (Schedule 1 [19] and [20]).

Wholesale supply arrangements

It is proposed to amend sections 8, 12, 16 and 98 of the Act so as to enable interstate wholesale market operators to participate in the New South Wales wholesale market for electricity without having to hold an authorisation under the Act (Schedule 1 [1], [2], [3] and [21]). Section 8 restricts network operators in the operation of their transmission or distribution systems, section 12 restricts wholesale traders in their capacity to enter into wholesale supply arrangements, section 16 restricts electricity distributors in the operation of their distribution systems and section 98 renders certain electricity supply arrangements unenforceable. Definitions used in the amendments (*interstate wholesale market agreement* and *interstate wholesale market operator*) are proposed to be inserted in the Dictionary to the Act (Schedule 1 [30]).

Miscellaneous amendments

It is proposed to make the following miscellaneous amendments to the Act:

- (a) the amendment of sections 19 and 39 of the Act, so as to make compliance with certain requirements concerning the preparation of customer connection contracts and customer supply contracts a condition of an electricity distributor's licence and a retail supplier's licence, respectively (Schedule 1 [4] and [9]),

- (b) the amendment of sections 20 and 40 of the Act, so as to convert references to the Government Pricing Tribunal to references to that body under its new name of the Independent Pricing and Regulatory Tribunal (Schedule 1 [5] and [10]),
- (c) the amendment of sections 23 and 43 of the Act, and the substitution of the definitions of *retail supplier* and *wholesale supplier* in the Dictionary to the Act, so as to clarify the meaning of those expressions and of the expressions *standard form customer supply contract* and *negotiated customer supply contract* and, in turn the expression *customer supply contract* (Schedule 1 [6], [7], [11], [12], [31] and [32]),
- (d) the amendment of section 25 of the Act, so as to ensure that customers requiring an increased capacity from a newly extended distribution system are required to contribute to the costs of the extension (Schedule 1 [8]),
- (e) the amendment of section 48 of the Act, so as to enable a notice requiring the owner of premises to trim trees interfering with electricity works to be sent to the occupier of the premises as an alternative to being sent to the owner (Schedule 1 [13]),
- (f) the amendment of section 60 of the Act, so as to enable compensation to be paid to the occupier of premises as well as to the owner of premises for damage arising out of the exercise of statutory powers of entry in relation to the premises (Schedule 1 [14] and [15]),
- (g) the insertion of a new section 63A into the Act, so as to make it clear that powers of entry existing apart from the Act are not affected by the powers of entry conferred by the Act (Schedule 1 [16]),
- (h) the substitution of section 103 of the Act, and the amendment of Schedule 2 to the Act, so as to enable the imposition and recovery of annual authorisation and licence fees (Schedule 1 [22] and [26]),
- (i) the amendment of section 106 of the Act, so as to enable regulations to be made with respect to the preparation of safety plans by network operators (Schedule 1 [23]),
- (j) the amendment of section 106 of the Act, so as to make it clear that a regulation exempting persons or matters from provisions of the Act may do so either unconditionally or subject to conditions (Schedule 1 [24]),

- (k) the amendment of clause 1 of Schedule 2 to the Act, so as to make it clear that a retail supplier's licence authorises its holder to enter into arrangements for the supply of electricity to retail customers (Schedule 1 [25]),
- (l) the insertion of a new clause 19 into Schedule 6 to the Act, so as to restore the effect of some inadvertently repealed provisions that allow certain energy distributors to exercise water supply functions and provide for the transfer to other bodies of assets and staff used by them in the exercise of those functions (Schedule 1 [29]),
- (m) other minor statute law revision in relation to savings and transitional provisions (Schedule 1 [27] and [28]).

Schedule 2 Amendment of Electricity Transmission Authority Act 1994

Agencies and delegations

It is proposed to amend sections 9 and 11 of the Act, so as to ensure that the Electricity Transmission Authority (TransGrid):

- (a) can appoint certain bodies as agents, and
- (b) can act as agent for those bodies, and
- (c) can delegate its functions to those bodies.

The bodies concerned include interstate wholesale market operators (referred to in the proposed amendments to the *Electricity Supply Act 1995*) and NECA and NEMMCO (bodies established in connection with the national electricity market) (Schedule 2 [1] and [2]).