

[Act 1998 No 78]



New South Wales

# Electricity Supply Amendment (Transmission Operator's Levy) Bill 1998

## Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.  
This Bill is cognate with the *Appropriation Bill 1998*.

## Overview of Bill

The object of this Bill is to amend the *Electricity Supply Act 1995*:

- (a) to impose an annual levy on transmission operators from 1 July 1998, comparable with the annual levy currently imposed under that Act on electricity distributors, and
  - (b) to fix the maximum price increase for the provision of electricity network services that may be permitted above the pricing determination of the Independent Pricing and Regulatory Tribunal for the provision of those services at 0.550 cents per kilowatt hour, and
  - (c) to enable the Governor, by order made on the recommendation of the Treasurer, to determine a price increase that is less than the maximum price increase referred to in paragraph (b), and
  - (d) to remove references from that Act to "eligible customers" as this classification of customers is no longer necessary.
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## 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 28 June 1998.

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

**Schedule 1 [5]** inserts proposed Part 4A (Electricity supply by transmission operators to direct customers) into the *Electricity Supply Act 1995*.

Division 1 of the proposed Part relates to the imposition of the transmission operator's levy. It mirrors the provisions contained in Division 5 of Part 3 that deal with the imposition of the electricity distributor's levy. It contains the following provisions:

**Proposed section 43F** contains definitions for the purposes of the new Division.

**Proposed section 43G** imposes a levy on a transmission operator in each financial year, based on profit from "network income". That income is derived by the transmission operator from the use of the electricity network in the provision of electricity network services to direct customers. The actual amount of the levy is as determined by the Governor on the recommendation of the Treasurer in accordance with the principles set out in the proposed section.

**Proposed section 43H** permits the amount of the levy to be varied in respect of the financial year to which it relates.

**Proposed sections 43I** and **43J** make provision for the levy in the case of persons who become transmission operators during a financial year or cease to be transmission operators during a financial year.

**Proposed section 43K** makes provision for the payment and recovery of the levy.

**Proposed section 43L** makes it clear that the new Division does not affect the provisions of the *Public Finance and Audit Act 1983* relating to the payment of dividends.

Division 2 of the proposed Part relates to the pricing of electricity. It mirrors the provisions contained in Division 4 of Part 4 that deal with the pricing of electricity supplied by electricity distributors. It contains the following provisions:

**Proposed section 43M** contains definitions for the purposes of the new Division.

**Proposed section 43N** increases the price of electricity supplied to direct customers by transmission operators. The maximum increase is 0.550 cents per kilowatt hour. A lower price may be set by the Governor, by order made on the recommendation of the Treasurer. The increase is factored into the determination made by the Independent Pricing and Regulatory Tribunal, and accordingly the increase has to be passed on to direct customers by transmission operators unless the Treasurer otherwise approves under the *Independent Pricing and Regulatory Tribunal Act 1992*. Provision is made to prevent the supply component of the price of electricity being reduced to offset the increase in the network component.

**Proposed section 43O** requires transmission operators to furnish returns to the Treasurer.

**Proposed section 43P**, in subsection (1), enables regulations of a transitional nature to be made if it is not practicable to ascertain the amount of electricity used in the first period after the commencement of the proposed section. Subsections (2)–(4) enable exemptions from the new Division to be made where appropriate. Subsection (5) states that the new Division does not provide grounds for customers to challenge electricity accounts.

**Schedule 1 [6]** makes a consequential amendment.

**Schedule 1 [2]** enables the Governor, by order made on the recommendation of the Treasurer, to determine a price increase that is less than the maximum price increase specified in the *Electricity Supply Act 1995* for the provision of electricity network services for non-franchise customers of electricity distributors.

**Schedule 1 [1], [3], [4] and [7]** remove references to “eligible customers” from the *Electricity Supply Act 1995* as this classification of customers is no longer necessary for the purposes of that Act. The classification is no longer necessary because, from 1998–99, the network price increase is to be deferred until a customer chooses its electricity retail supplier or is declared to be a non-franchise customer under the timing arrangements specified in the non-franchise customer declaration under section 92 of the *Electricity Supply Act 1995*, whichever first occurs.